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## S. Africa Sets Off A Swap of 9 Spies

### Soviet Major Involved in Exchange For 8 Westerners, Pretoria Soldier

CAPE TOWN — A Soviet major held on spy charges in South Africa has been exchanged for eight Western agents and a South African soldier, Prime Minister Pieter W. Botha announced Tuesday.

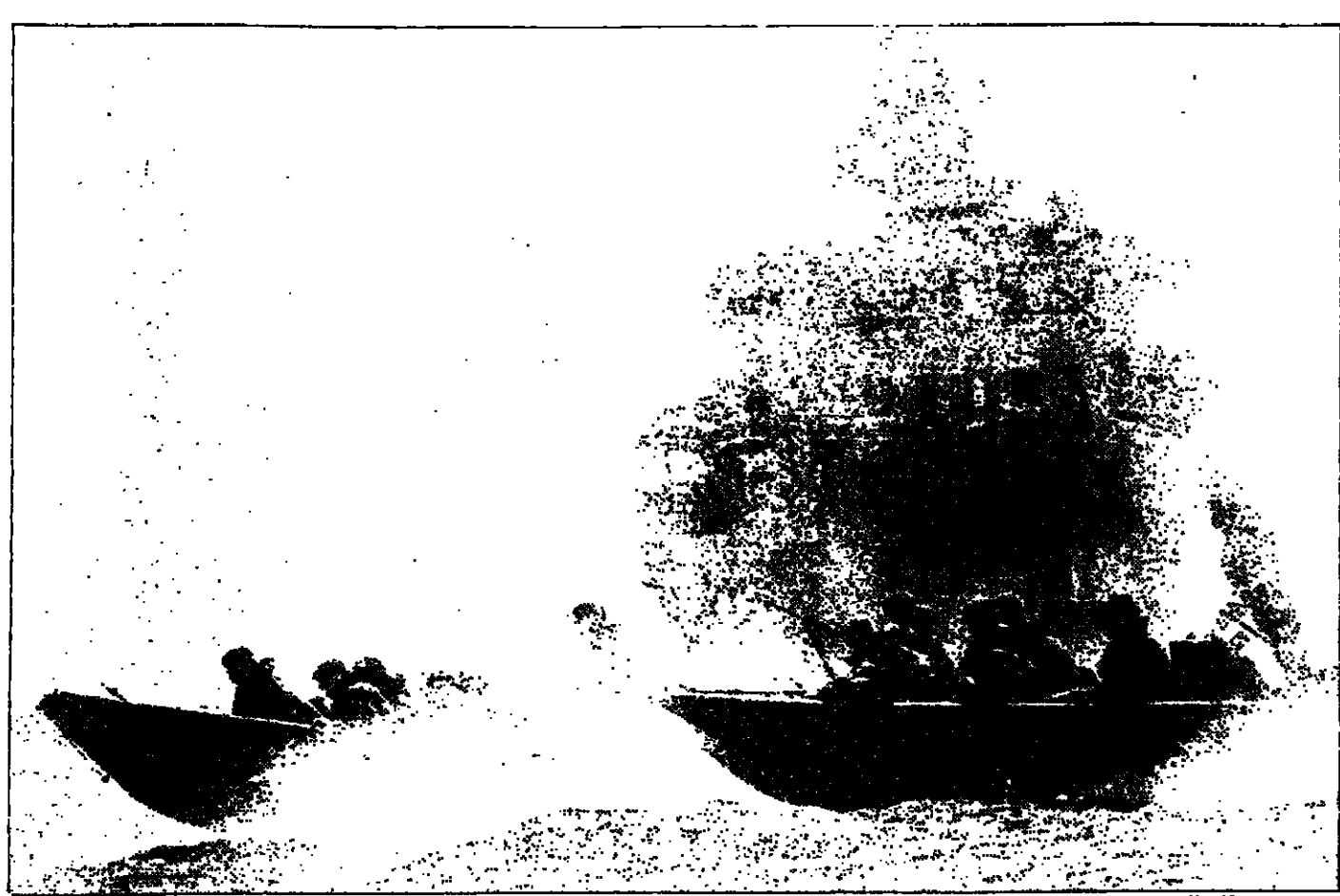
He was named as Soviet Major Alexander M. Kozlov, who was arrested in 1980 but his arrest was not revealed until early 1981. Reportedly he is a senior officer in the Soviet intelligence bureau, the KGB.

Mr. Botha told Parliament the exchange took place in Geneva and followed secret negotiations between South Africa's National Intelligence Service and the KGB.

Among those released in the exchange was South African soldier Johan van der Mescht, held in Angola since 1978.

"In the transaction the Russian spy was exchanged for nine persons: Sapper Van der Mescht and eight very important Western intelligence agents who had been in custody behind the Iron Curtain for some considerable time and in respect of whom all previous efforts at release had failed," Mr. Botha said.

Mr. Botha said that determined efforts were also made to secure the release of Soviet dissident Anatoly V. Shcherbansky. He said the effort was unsuccessful.



Royal Marines training off Ascension Island for a possible invasion of the Falklands. The Fearless is in the background.

## British Claim Tanker Is Sunk Near Falklands

LONDON — British forces have sunk an Argentine ship, believed to be an oil tanker, in the narrow waterway that separates East and West Falkland Islands, a correspondent's dispatch from the scene said Tuesday night.

Brian Hanrahan of the BBC, reporting from the flagship of the British task force, the aircraft carrier Hermes, said a Royal Navy frigate had spotted an enemy vessel on radar and put up star shells to illuminate it. The ship, he reported, tried to escape and was fired upon.

Mr. Hanrahan said that "a huge fireball" rose from what British officers presumed to be an oil tanker, "stretching to the clouds."

Earlier, the Defense Ministry said a British frigate, seeking to flush out Argentine garrisons and supply bases on the Falklands, had penetrated the narrow channel between the two main islands and shelled an Argentine ship.

The ministry asserted that the action in Falkland Sound demonstrated that Britain had established total military superiority around the archipelago.

**Radar-Controlled Guns**

The attack was reportedly launched by the frigate Alacrity, which was patrolling the sound with other ships. The ministry said the 3,250-ton Alacrity opened fire at once, from a range of about 8 miles, with its 4.5-inch radar-controlled guns, which can deliver about 20 projectiles a minute.

According to the ministry, whose account was not confirmed by Argentine military authorities, a huge explosion was seen in the general area of the target. Military sources said the blast was probably caused by the explosion of fuel or munitions aboard an enemy supply ship, possibly one of those that had been reported to be trapped in the Stanley harbor.

The attack was said to have taken place just north of the Swan Islands, where the sound is about 12 miles wide. There was no word on casualties, although substantial loss of life seemed inevitable if a ship had indeed been sunk, as the BBC's report claimed.

Argentine radio reports of fresh fighting, saying in a report from the southern naval base of Bahia Blanca that there had been no military action Monday night or Tuesday morning.

Meanwhile, in London, Prime Minister Margaret Thatcher said Tuesday peace talks at the United Nations will not close off possible military options.

Answering parliamentary questions on the conflict, Mrs. Thatcher said: "These negotiations will take a little time. But the fact we are negotiating does not close off military options."

**Fundamental Principles**

"There are certain fundamental principles we cannot fudge," she said. "A cease-fire must be accompanied by [Argentine] withdrawal to a specific timetable and the Argentines must give up the idea that at the end, sovereignty will be conceded to them."

The reported naval engagement occurred as British officials awaited, without much optimism, the outcome of talks at the UN for a diplomatic settlement to the long-running sovereignty dispute over the Falklands.

Argentina threatened Tuesday to attack any British ship or aircraft in the South Atlantic that it considered a menace to its security. The warning was issued four days after Britain announced that any Argentine warships or military aircraft venturing 12 miles from the Argentine coast risked attack.

The Argentine high command said it had adopted the measure in self-defense "in view of Britain's persistent aggressive attitude" and

## Falklands Crisis Chills Irish-British Relations

By William Borders  
New York Times Service

DUBLIN — The crisis over the Falkland Islands is having a chilling effect on the tortured relationship between Britain and Ireland. The new troubles between these two neighboring islands grow out of Ireland's often overlooked neutrality in international affairs, and the instinctive Irish antipathy to British expansionism.

"I'm no fan of the Argentine generals," said a Dublin newspaper editor, trying to explain Ireland's reaction to the confrontation in the South Atlantic. "But 'Brits out!' was the rallying cry that we grew up with here, and it is hard to ignore no matter what corner of the world we hear it from."

Last week, following the sinking of the Argentine cruiser General Belgrano, this ambivalence led the Dublin government close to a unilateral renunciation of the economic sanctions that Ireland, Britain, and the other eight European Economic Community countries had voted against Argentina last month.

"The community sanctions were imposed in order to prevent conflict, not to be allied with it," Premier Charles J. Haughey explained. His government declared the sanctions "no longer appropriate" and began lobbying within the EEC to have them suspended, or at least not renewed when they expire Monday, at the end of one month.

The Irish coolness toward the British position in the crisis has many manifestations here. The editorial page of the Irish Times, the

most serious newspaper in the country, now carries letters on the subject under the headline "Falklands/Malvinas," giving the Argentine name for the islands too, as a gesture of evenhandedness.

And last week, after Defense Minister Patrick Power called the British "the aggressors" in the South Atlantic, he was only mildly reprimanded by Mr. Haughey, an indication that many Irish voters are thought to share Mr. Power's view.

[Because of the Falklands crisis, Ireland has canceled a soccer match with Argentina that was to have been played May 18 in Buenos Aires, Reuters reported. The Irish team manager said he expected that matches in Chile, Peru and Brazil would still be played.]

The escalation of the conflict in the South Atlantic into what the Irish government called "open war between Great Britain and Argentina" has also brought into play Ireland's tradition of neutrality.

Despite its close links with such Western nations as Britain and the United States, Ireland was neutral in World War II and it is the only member of the EEC that does not also belong to the North Atlantic Treaty Organization.

Like so much about Ireland, its neutrality is firmly rooted in the nation's republican tradition and based upon opposition to what is regarded here as Britain's illegal occupation of the northeastern corner of this island.

When Ireland was asked to join NATO after the war, it replied, in (Continued on Page 2, Col. 7)

**Previous Major Swap**

South Africa was involved in a previous major spy swap in 1969 when 11 Westerners who had been held in the Soviet Union for several years were released. That exchange centered on a senior member of the KGB, Yuri N. Logunov, who had been detained by South African security police in 1967 and held for about two years.

The South African soldier involved in the latest exchange was taken prisoner near the border between Angola and Namibia when he was on routine patrol.

**Krenin to Oust Spaniard**

MADRID (Reuters) — The Soviet Union intends to expel the Moscow director of Iberia, Spain's national airline, for "activities incompatible with his functions," a Spanish Foreign Ministry spokesman said Tuesday.

It was not clear whether Mariano Sanchez would have to leave the Soviet Union, the spokesman added.

Two weeks ago, Spain expelled the local director of the Soviet airline Aeroflot and another company official for alleged spying. Director Fedorin Nikolayevich and engineer Vladimir Trishnikov were accused of trying to obtain information on the supply of U.S. military materials to Spain and on Spanish weapons manufacturers. They were given a week to leave Spain.

The previous Aeroflot director in Spain, Oleg Suranov, also was expelled for alleged espionage in 1980. Ten Soviet officials have been expelled since Spain, and the Soviet Union re-established diplomatic relations in 1977 after a break of nearly 40 years.

**First Visit in 17 Years**

At the time of the arrest, Mr. Botha told Parliament that Maj. Kozlov had first visited South Africa, South-West Africa (Namibia) and Rhodesia (now Zimbabwe) in 1976.

He gave no details of how or where Maj. Kozlov had been arrested, but added that "his job was to assess the damage caused by the activities of other organs of his government, notably those organs which train, finance, indoctrinate, maintain and arm terrorist groups like the African National Congress, the South-West African People's Association and others in southern Africa."



Poland detained Ryszard Herczynski, center, who the government said gave anti-Polish material to two American diplomats, James D. Howard, left, cultural affairs officer at the U.S. Embassy in Warsaw, and John W. Zerolis, right, the science attaché, who have received expulsion orders.

## Column of Polish Riot Police Rolls Through Warsaw in Show of Force

From Agency Dispatches

WARSAW — A column of riot police rolled through central Warsaw on Tuesday in a massive show of strength by the authorities as Poles prepared to mark five months of martial law.

The column included water cannon and armored personnel carriers, as well as trucks carrying helmeted police with shields.

The show of force coincided with growing tension in the country as the authorities tried to prevent a repetition of last week's street clashes that started from rallies called by the Solidarity union. The suspended trade union has called for a 15-minute strike Thursday.

**Expulsion of Diplomats**

Meanwhile, Western diplomats here said that they viewed the expulsion of two U.S. diplomats Monday as part of a campaign by the authorities to blame the West for Poland's domestic unrest. Diplomats said they believed the expulsion order was also meant to discourage Poles from contacts with foreigners.

The police column through Warsaw Tuesday was a repeat of a similar display of force on Feb. 12 when Poles prepared to mark the second month under martial law which was declared Dec. 13. The security forces, who tolerated a Solidarity march in several places, including Warsaw, on May Day, have since signaled their determination to stop by force any unauthorized demonstration.

Members of the suspended private farmers' union, Rural Solidarity, have been asked to converge Wednesday on Warsaw Cathedral for a Mass to mark the first anniversary of the union's formation. Leaders said they plan no street demonstrations.

In Washington, the United States said the two embassy officials had met with a dissident socialist but it denied Warsaw's charge that they were trying to undermine the stability of the Polish state.

The Polish government television service announced that the science attaché, John W. Zerolis, and the cultural affairs officer, James D. Howard, were declared persona non grata Monday for receiving materials from Ryszard Herczynski, a scientist, that the television service said "hit at the interest of Poland."

The State Department said the materials included three bulletins issued by Solidarity and two copies of proposals for scientific grants.

The U.S. statement accused the Polish police of violating international law and said the U.S. Embassy had lodged a protest Monday at the Polish Foreign Ministry. The statement said that Poland was unable to explain what activities

the U.S. officers were engaged in that could destabilize Poland and it rejected the charges.

On Sunday night, the statement said, Mr. Zerolis and Mr. Howard were visiting Mr. Herczynski — who is apparently an internecine released when martial law was eased — to discuss the visit to Poland of an official of the U.S. National Science Foundation.

When Mr. Howard opened the door of the apartment to leave at 7:30 p.m., several persons burst in, showing no identification, and a photographer took about 50 photographs.

Meanwhile, Poland's Communist Party newspaper sharply denounced Western reporters in a front-page commentary that accused the correspondents of mounting a "coordinated, well-synchronized and planned political campaign" to undermine Communist rule in the country.

The campaign's "inspirers are striving, as they did before Dec. 13, to cause social tension, destabilization and open conflict in Poland," Trybuna Ludu said.

The Polish regime's displeasure with the Western media was also reflected in the increasing number of correspondents summoned to the Foreign Ministry for lectures on journalistic objectivity.

The authorities have shown particular anger at reports in the foreign media that Solidarity underground activists have called for a 15-minute strike in Warsaw on Thursday to protest martial law.

## EEC Gives U.K. Week For Farm-Price Pact

BRUSSELS — Britain's nine partners in the European Economic Community on Tuesday gave Britain a week to agree on 1982-83 farm price increases or plunge the EEC into its most serious crisis since 1965.

Britain has already said that it may stop budgetary payments if the EEC tries to override its veto. Britain has been blocking the farm agreement for two months, mainly because it wants an agreement first on compensation for what it believes is its excessive contribution to the budget.

The chairman of the farm ministers' council, Paul de Keersmaecker of Belgium, said at the end of another inconclusive two-day meeting Tuesday: "This is the last position, the last break given to the 10 countries to think it over. A decision will be made on Monday, whatever the state of other problems."

**'Treaty Obligation'**

He was obviously referring to the budgetary problem that Britain links to the farm prices.

"We have an obligation under the Common Market treaty to fix prices when the new season starts," Mr. de Keersmaecker added. The milk season started April 1 and the meat season starts Monday.

British Minister Peter Walker blamed the European Commission for rushing a decision on Monday. Commission President Gaston Thorn had pressed Mr. de Keersmaecker to call a meeting Monday to approve the final farm package.

Mr. Walker called the procedure used by the commission "totally unacceptable, a funny, stupid little device, ... [an] act of hostility to my country."

Britain's partners explicitly said they hoped for a unanimous decision on Monday, pressing London to change its mind, but they did not exclude the possibility that Britain would use the unwritten right of veto that De Gaulle asserted in 1965.

The EEC agreement reached at that time said no country could have a decision imposed on it contrary to its vital interests.

Commission Vice President Etienne Davignon told Mr. Walker the right of veto had never been used to block policies written in the Common Market treaty.

"One country seems to ignore the vital interests of nine others," French Minister Edith Cresson said. "The nine agreed that farmers can't wait anymore. Furthermore, no vital British interests are at stake in the decision on farm prices."

The German minister, Joseph Ertl, said: "There can't be a one-

## Britain Asks U.S. to Lend Aerial Tanker

By Richard Halloran  
New York Times Service

WASHINGTON — Britain has asked the United States to lend the Royal Air Force a long-range, KC-135 aerial tanker to refuel British bombers and reconnaissance planes based on Ascension Island in the South Atlantic, administration officials reported.

The officials said Monday that no decision has been made on the request, but that a reply to London was expected within the next 48 hours. They emphasized that no U.S. aircraft would fly the plane, if the loan were made.

If President Reagan approves the British request, it would be the first tangible military assistance to the British since the United States shifted its policy April 30 from neutrality to open support of Britain in the conflict with Argentina over the Falkland Islands.

**Reasons Unclear**

The request marked a shift in Britain's policy. Last week, the British defense minister, John Nott, told Caspar W. Weinberger, the U.S. secretary of defense, that Britain did not need U.S. military help, according to press reports from Brussels, where they met during a NATO conference.

Why the British have asked for the tanker was not immediately clear because they have about 40 tankers of their own. Evidently, the British thought that the U.S. aircraft would add to their ability to bomb targets in the Falklands with Vulcan bombers. Those planes had to be refueled three times to make the flight from Ascension to the Falklands and back, a distance of about 3,500 miles.

The British have also recently sent several Nimrod radar warning and control aircraft, which are similar to the U.S. forces' AWACS (Airborne Warning And Control System) planes, to Ascension Island. The planes will support British Navy Harrier fighter-bombers around the Falklands. Two Harriers were recently lost at sea in a fog, presumably because of inadequate navigation equipment.

**90,000 Pounds of Fuel**

The KC-135 is the mainstay of the U.S. Air Force's long-range aerial refueling capability. The air force has more than 600 of the aircraft, which is a tanker version of the commercial Boeing 707 airliner. It is capable of carrying 90,000 pounds of fuel at a cruising speed of 550 mph.

Until now, U.S. military assistance to Britain has included intelligence support in the form of photographs taken by two satellites over the region.

## BBC Official Defends Coverage of Fighting

From Agency Dispatches

MADRID — A senior British radio executive said Tuesday that the British government had added to distorted media coverage of the Falklands crisis by delaying information and that the Argentine government had occasionally lied.

Richard Francis, managing director of British Broadcasting Corporation, told the annual meeting of the International Press Institute: "Ninety percent of what happens in the Falklands conflict is not reported immediately by the British government."

He said the government waited 85 minutes before revealing that the destroyer Sheffield had been hit and abandoned. By timing its announcement so that the BBC had to interrupt a live news broadcast to carry it, the government caused more shock than necessary, he said.

He also said the Argentine government had run three-week-old footage of one of their planes landing at Stanley airport in an effort to show that British bombardments of the airstrip had been unsuccessful.

**Coverage Called Unfair**

Mr. Francis said he was dismayed by government criticism of BBC radio and television coverage of the crisis.

Foreign Secretary Francis Pym and Prime Minister Margaret Thatcher said in Parliament that the BBC had given too much credence to Argentine government reports and had not shown proper support for Britain's efforts.

Mrs. Thatcher, speaking Tuesday during a noisy question time in Parliament centered on British press coverage of the crisis, attacked the BBC and implied that some of its coverage was anti-British. She urged Britons to protest.

"The BBC needs no lessons in patriotism from the present Conservative government," Mr. Francis said. "Our contribution to British morale is no more than to provide the most reliable account possible of confusing, worrying events for the troops themselves, their families, the country at large and the rest of the world."

In London, Peter Mills, a member of Parliament, said his voters were writing him unprintable comments about the crisis coverage by the state-owned but independent BBC. People are extraordinarily bitter, he said.

Three Conservative Party members of Parliament tabled a motion expressing dismay at the BBC's coverage.

"The BBC is not and never has been neutral in matters between our country and the Argentine aggressor," the BBC said in a statement. "But we cherish the fact that

## Visit of Pope To U.K. May Be Delayed

From Agency Dispatches

ROME — Cardinal Basil Hume, the senior Catholic primate of England and Wales, said Tuesday that Pope John Paul II's visit to Britain might be postponed if the situation in the Falkland Islands deteriorates.

"The pope's visit is at this point on schedule. There is no doubt about that. But if the situation deteriorates, we must put a question mark" on the trip, Cardinal Hume said.

"It would be difficult for the Holy See to go on with the visit, which should be a festive occasion, in such circumstances," he added.

The cardinal spoke at Rome's Leonardo da Vinci airport before returning to London after a two-day visit to the Vatican.

**Decision Expected**

He and Cardinal Joseph Gordon Gray of Edinburgh, the Scottish primate, met on Tuesday with the pope to discuss his scheduled six-day trip to England starting May 28.

British church sources said a decision on the pope's trip to Britain, the first by a spiritual leader of the Roman Catholic Church, would be announced in a week.

Church officials have suggested that the pope's trip may be delayed because of the dispute between Argentina and Britain over control of the Falkland Islands, a British colony seized by Argentine troops April 2.

Sources said the meetings showed that more discussion on the trip was needed. They also said Cardinal Hume canceled other scheduled morning meetings to meet for a second time with John Paul.

Speculation on a postponement has been rife in Britain, but Vatican sources have said the pope hopes to go through with the visit which he sees as a step forward in his attempts to unite the Roman and the Anglican communions.

### INSIDE

#### Soviet Skepticism

The Soviet Union received President Reagan's strategic arms control proposals with skepticism, but indicated that it was prepared to consider them as a basis for resuming talks with the United States on reducing nuclear arsenals. A News Analysis, Page 3.

#### Council of Sages

Japan proposed the formation of a commission of eminent statesmen and scientists to set priorities for conserving the world environment in the 21st century. The United States, which is a major contributor to UN environmental programs, gave the idea a lukewarm reception. Page 5.

#### OECD Stalled

A dispute over the wording on export credits delayed the drafting of a communiqué at the end of the Paris meeting of OECD treasury secretaries and finance and trade ministers. Page 7.



## Radio Free Europe Finds Itself Once Again Singled Out by Poland

By John Tagliabue  
New York Times Service

MUNICH — As the unrest in Poland's cities spread last week, the Polish authorities revived a rationale for the outbursts that has become a standard over the years. In a session of the Polish parliament, the interior minister, Gen. Czeslaw Kiszczak, singled out Radio Free Europe, the station that broadcasts to Eastern Europe using funds from the United States, as among the "Western circles" that he said were responsible for instigating a "May offensive."

The intention, he said, was to vent the West's dissatisfaction that the "situation in Poland is calming down."

The argument was familiar to the 80 or so people here who handle Radio Free Europe's Polish-language broadcasts, and they reacted to the charges with weary smiles.

"He is attributing influence to us we do not have," said James Brown, the station's director. "It's one of the political exigencies of the situation to blame it on an outside cause."

"They know," he said, referring to Polish leaders, "that youth is alienated, high school youth is a terrible problem, and that it is fashionable to be resistant. Union types cannot restrain them. The activists are militant; it will go on."

Still, the Polish authorities have persisted in blaming the radio. Last week, Poland's newspapers, in reports accusing Western correspondents in Poland of disseminating appeals for new demonstrations Thursday, reiterated the charge that Radio Free Europe was behind the recent violent protests. The radio appealed for demonstrations, the Polish newspapers said, and announced their time and place.

### Major Changes at Radio

While the station says there have been no direct appeals for any political activity, there have been major changes in Radio Free Europe's Polish broadcasts since martial law was imposed Dec. 13. In the first week or so after martial law, the station expanded its previous 19-hour-a-day broadcast schedule to stay on the air around the clock.

Entertainment shows and international news broadcasts were dropped or sharply curtailed, and the focus was shifted almost exclusively to news and commentary on domestic events in Poland.

"The normal schedule was scrapped and almost total emphasis was put on domestic events," Mr. Brown said.

The radio has since trimmed its Polish schedule and now broad-

casts 21 hours a day, with 10-minute newscasts every hour. The material is largely drawn from Western news agencies.

At the station last Thursday, the broadcasts included an account by the station's New York correspondent concerning a UN decision to investigate human rights abuses in Poland. There followed an installment from a book, banned in Poland, that described the hardships of a Polish family deported to the Soviet Union in World War II.

Next was a 50-minute block of news and commentary, called "Facts and Views," that examined a statement by the Polish prime minister on the recent unrest. There was also a review of international press reports on the unrest in Szczecin.

It has been estimated that 60 percent to 90 percent of the Polish population can hear the broadcasts, but jamming remains a major problem.

The statement of mission of Radio Free Europe and Radio Liberty, its sister station, which broadcasts to the Soviet Union, says they "do not identify themselves with any opposition group or groups, political party or organizations."

### Sympathy for Solidarity

But sympathy for the Solidarity trade union is apparent at Radio Free Europe. Editors sport red and white Solidarity pins and pictures and posters showing Lech Walesa, the union leader, and Pope John Paul II adorn the studio walls.

There is little effort to tone down news reports or commentaries that speak glowingly of Solidarity or Polish nationalism. Members of Poland's Communist regime, meanwhile, are harshly criticized.

However, the station says, there are no appeals for political activity. "It's silly to ascribe the unrest to Radio Free Europe," said Zdzislaw Najder, a Pole who was appointed director of the Polish service in April. "It's a conspiracy, but it's absurd. The Polish listener will not be provoked."

Before leaving Warsaw in October for Britain to lecture at Oxford University, Mr. Najder was co-editor of the literary magazine, *Tworczosc*. He decided not to return to Poland after martial law was imposed, and he was offered the position at the radio to replace Zygmunt Michalowski, who retired.

His appointment is seen at the station as something of an experiment. It is the first time anyone who recently lived in Eastern Europe has received the post. Radio administrators say it has the advantage of helping attune the station to the needs of listeners.



The Argentine Navy Tuesday released this photo of the sinking of the General Belgrano May 2.



Two sailors were seen on the sinking Argentine cruiser General Belgrano after it was torpedoed.

## U.S. Military Sources Say Winter Could Force Early British Invasion

By David Wood  
and Bryce Nelson  
Los Angeles Times Service

WASHINGTON — The approach of the South Atlantic winter, even more than the faltering pace of diplomacy, is pressuring Britain toward an amphibious assault on the Falkland Islands, U.S. Navy and Marine Corps sources believe.

High winds, heavy seas, ice-coat-

ed decks and increasingly short daylight hours, the experts say, will make it more and more difficult for the British fleet to maintain its naval blockade. Paraphrasing the salty language of one naval expert, the British are going to have to either act or retire from the scene.

As the fierce Antarctic winter moves north to envelop the Falklands, even a relatively dangerous amphibious assault will begin to look attractive.

By mid-June, deep winter will have settled over the South Atlantic, with winds averaging 14 knots driving 12-foot waves, low clouds closing in the horizon and daylight lasting about five hours.

Such conditions are only the average. What makes sailors rate the South Atlantic winter more dangerous than conditions on the notorious Marmansk run during World War II are the storms that rip unpredictably through the area as often as once a week. At those times, gales drive waves of 40 feet, and often monster waves of 60 to 70 feet, capable of capsizing even the largest warships. Indeed, more than 150 ships have foundered off the Falklands in just such weather.

U.S. Navy officers who have sailed and fought in similar conditions shudder at what the British fleet faces. In conditions like those, they say, machinery breaks down, weapons do not work, oil congeals, crew fatigue sets in with resulting inattention and accidents, and resupply becomes a nightmare. On top of that, anyone unlucky enough to slip overboard has little chance of surviving.

Because precipitation shows up on radar screens, the range can be sharply reduced during storms. The U.S. Navy found during exercises that many of its radar-guided missiles were fired at rain squalls that showed up as targets.

Amid these difficulties, an amphibious landing on the Falklands makes increasingly good sense, according to strategists in Washington.

### Troops Grow Stale

Uppermost in their consideration is the condition of the marines packed on board ships. "Troops on a ship can't maintain an edge, no matter how good those Royal Marines are, and we know they are very good," said retired U.S. Marine Gen. Fred Haynes.

The main contingent of British troops dispatched thus far embarked more than a month ago in Southampton. Except for a small contingent left to guard South Georgia Island, they have been on board ever since.

"On ship you get bored, flabby and sometimes seasick," an experienced U.S. Marine said.

"On the other hand," he added, "you get in a mood to fight — you'd do anything to get off the damn ship."

## Growing British Pressure: Preface To Invasion or Tighter Blockade?

By Drew Middleton  
New York Times Service

LONDON — The pressure increasingly being exerted by the British task force in the Falkland Islands, exemplified by two sweeps of the sound separating the two islands and the close bombardment of fuel tanks and military installations at Stanley, can be the preliminary either to an active or a passive strategy.

An active strategy, British ana-

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lysts said, is likely to take the form of an assault by helicopters and landing craft filled with Royal Marines and paratroops on Stanley and Darwin, the principal objectives in East Stanley. A passive strategy would involve further tightening of the sea blockade and an increase in the tempo of air attacks.

Guarded comments by military sources indicate that the Conservative government's inner Cabinet has not yet decided on which course to take. These sources believe, however, that the task force now has assembled sufficient resources to follow either course with success.

This claim is viewed with some skepticism by NATO sources. They view reports from Washington that Britain has asked the Defense Department for the loan of a KC-135 tanker and of long-range reconnaissance aircraft such as the E-2C as evidence that the task force's resources are not complete.

The invasion gambit, a real but hazardous option, has important political implications. Analysts here and at NATO headquarters in Brussels point out that British allusions to invasion bring pressure on the Argentines to negotiate realistically.

## U.K. Reports Attack at Sea

(Continued from Page 1)

restrictions imposed on the movement of Argentine ships and planes.

The measure was announced after Foreign Minister Nicos Costa Mendez told reporters he had "a moderate and reasonable hope" that the UN would succeed in efforts to end the conflict.

Adm. Niceto Echazuri Ayerra, governor of the southern province of Chubut, told a southern interviewer the British task force "will try a landing in the Malvinas Islands by all means." (The Argentines call the Falklands the Malvinas.)

He added, "This action would be very costly for them."

He said the British task force had adopted the tactic of periodic bombardment and harassment of troops on the islands, which Argentina seized on April 2.

Mrs. Thatcher refused demands by opposition Labor Party leader Michael Foot to let Parliament pass judgment on any UN peace plan before her government accepted or rejected it.

To cheer from Conservative members, she told Mr. Foot the government alone would decide and would stand before Parliament to defend its decision.

Political and military sources said time was running out for a diplomatic solution.

They suggested a British landing on the Falklands was likely if the peace talks broke down or Britain felt Argentina was stalling without any intention of negotiating seriously.

British officials said there were no signs emerging so far from the mediation efforts of UN Secretary-General Javier Pérez de Cuellar that a diplomatic solution was attainable.

A Foreign Office spokesman said the UN talks in New York had begun to focus on more fundamental questions but still had a long way to go.

Official sources said the main objective in current discussions was to arrange a cease-fire, Argentine withdrawal from the Falklands and a halt to British military action, leaving key political issues to be discussed later.

The Foreign Office said there was no deadline for UN mediation but the situation was clearly critical.

### Reagan News Conference

WASHINGTON — President Reagan will hold a news conference this week, it was announced Tuesday. His last news conference was March 31.

Experienced analysts, from Britain and other countries, tend to believe that there will not be any invasion until the Cabinet is convinced that nothing is to be gained from further discussions at the United Nations.

The two sweeps by Royal Navy frigates of Falkland Sound ostensibly were undertaken to learn if either or both of Argentina's two diesel-powered submarines, regarded as an even greater threat to the task force than air attack, were lurking there.

On the second sweep, the Alacrity, an Argentinian-class frigate, picked up a British ship on radar while off Bold Point on West Falkland Island, naval sources said. It opened fire with its 4.5-inch guns and soon after there was a heavy explosion from the target area.

Sources said the task force will continue to run patrols through the sound. Whether these bring a submarine to battle is problematical. But military sources said the patrols certainly will increase the isolation of the 1,000 Argentine troops whose presence on the island was reported three weeks ago.

Adm. John F. Woodward, the task force commander, appears to be reasonably confident of the navy's ability to locate submarines near its major units. He took destroyers and frigates close inside Sunday and Monday to shell targets around Stanley at short range. The extent of the damage was not disclosed by the Defense Ministry.

The blockading force will be augmented in the next three weeks

by the arrival, from Belize, of the Exeter, a ship of the same class as the Sheffield — the destroyer sunk last week by an Argentine missile — and the Bristol, a destroyer that sailed Monday from Portsmouth.

During construction, the Bristol was sharply criticized in naval circles because, like the Sheffield and the Exeter, its armament was considered insufficient. It consists of a twin Sea Dart anti-aircraft missile launcher, Ikara anti-submarine missiles and a 4.5-inch gun.

The blockade is growing in neutral military circles the view that, if the British decide on invasion, they will forgo an indirect approach and land strong forces close to Stanley and its airport. This switch in tactics might be due, sources said, to new assessments of the quality of the estimated 4,000 Argentine troops in the Stanley area and of the damage done to their defenses by two bouts of heavy shelling.

One retired general emphasized that he thought that once the marines and paratroops got ashore they would have an excellent chance of taking Stanley. He said a concentration of force at the critical point seemed to be a sounder strategy than the maintenance of a blockade in poor weather.

One weakness in the blockade strategy is the lack of long-range reconnaissance aircraft. The loss of Grumman E-2Cs by the United States would overcome this, and enable the British task force to sight hostile aircraft well before they approached the fleet.

## Falklands Crisis Puts a Chill On Irish-British Relations

(Continued from Page 1)

a statement that could as easily have been written yesterday. "Any military alliance with the state that is responsible for the unilateral division of Ireland would be entirely repugnant to the Irish people."

Because of this tradition of neutrality, "our options are much more limited" in the Falklands crisis than those of the other EEC countries, Mr. Haughey said in a statement.

"As a nation that has always refrained from military alliance of any kind, we have to take a very clear view of any action, economic or otherwise, that would appear supportive of military action," he added.

In its reaction to the sinking of the Argentine ship, Ireland also called for an immediate meeting of the United Nations Security Council, to urge an immediate end to

hostilities by both British and Argentine forces. Ireland currently holds one of the rotating seats on the Security Council.

In London, the Foreign Office said only that the Irish position was a mistake. But according to official sources both in Dublin and London, that statement masks a resentment so furious that it is likely to sour what had been developing into a warm personal relationship between Mr. Haughey and Prime Minister Margaret Thatcher.

Over the last couple of years, two leaders have held a series of meetings aimed at normalizing relations between their governments. Mr. Haughey had been privately hopeful that the meetings, touching into another other thing on the difficult constitutional problem of Northern Ireland, might lead in the direction of Irish reunification.

## WORLD NEWS BRIEFS

Compiled From Agency Dispatches

### Haig Urges Unity on Nuclear Policy

WASHINGTON — Secretary of State Alexander M. Haig Jr. urged Congress and the nation Tuesday to abandon partisan fighting and rally behind President Reagan's new proposals for joint Soviet-American reductions of nuclear weapons.

He said many of the proposals for a nuclear freeze that are winning support around the country would undercut the Reagan plan.

The discussions and debates on nuclear policy in the Congress and the country reflect both public concern and our capacity as a democracy to discuss the great issues of today," Mr. Haig told the Senate Foreign Relations Committee. "We hope, however, that this debate will not culminate in fresh basic lines between divided factions, but rather a new national consensus in support of the president's proposal for a fair, realistic and truly beneficial strategic arms agreement."

### Health Group Seeks Cheaper Drugs

GENEVA — The World Health Organization moved Tuesday toward what it called a more active role in providing cheaper drugs for developing countries.

A committee of its annual assembly approved a plan to patent medicines discovered through research funded by WHO, thus allowing the organization to license firms to produce drugs on which there is no further development cost.

The WHO currently spends about \$3.8 million annually in support of medical research around the world.

### Firing Resumes in Northern Lebanon

BEIRUT — Syrian troops and Palestinian and Lebanese leftists Tuesday resumed artillery and rocket battles in the northern Lebanon city of Tripoli, shattering the fourth cease-fire in five days.

The fighting was renewed while 27 officials from the various warring parties met and agreed to form a joint force to consolidate the truce.

The joint force, composed of regulars from Lebanon's internal security, Syrian troops and leftist Lebanese and Palestinians, was due to patrol the city two hours after the fresh barrage began.

### Paris-Bonn Tank Appears Doomed

BONN — Hopes for joint Franco-German development of a battle tank for the 1990s appear to have failed, although the project was favored by President François Mitterrand and Chancellor Helmut Schmidt.

The sources said Mr. Schmidt probably would inform Mr. Mitterrand of the failure to convince his pivotal Free Democratic Party coalition partners of the project's merits when the two met in Hamburg at the end of this week. A decision about the project had not yet been made, a government spokesman insisted, but he confirmed that Mr. Schmidt would inform Mr. Mitterrand about the project in Hamburg.

One of the major problems appears to be that the West German Leopard tank is modern enough for the next decade, whereas the current French models need early replacement.

### Dutch Cabinet Badly Split on Budget

THE HAGUE — The Dutch coalition Cabinet met in emergency session Tuesday to try to solve deep internal divisions over economic policy. Premier Andries van Agt set a deadline of Tuesday night for the Cabinet to reach agreement, and he was not expected to extend that limit.

Divisions within the center-left coalition sharpened seriously this week as ministers were unable to reach detailed agreement on spending cuts to trim the government deficit, despite an earlier accord that set overall spending goals.

Edouard van Thijn, the internal affairs minister, said that he believed the Cabinet had only a 10-percent chance of surviving the quarrel, which has pitted Mr. van Agt's Christian Democrats and another centrist party, Democrats '66, against the Labor Party.

"If there is no accord, we will have to assume our responsibilities," the premier said on Belgium's Flemish-language radio network. A few months ago, the parliament gave the government the power to rule by decree until Dec. 31 in economic matters to try to reverse the slump that includes record unemployment.



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ROBERT LAFFONT



# Despite Doubts on Reagan's Plan, Russians Favor Idea of New Arms Talks

By Dusko Doder

**MOSCOW** — The Soviet Union received President Reagan's strategic arms control proposals with skepticism, but indicated broadly that it was prepared to consider them as a basis for resuming talks with the United States on reducing nuclear arsenals.

Tass said Mr. Reagan's speech Sunday appeared to demonstrate that he was not interested in "mutually acceptable decisions" and said the speech was "indicative of the United States' attempts to secure for itself unilateral military advantages."

But, shortly afterward, the news agency Novosti distributed to Western newsmen the text of a commentary that restated similar suspicions but said that "the very fact of American readiness to come back to the negotiating table can be welcomed, for it is better late than never."

"As for the Soviet side, it is always for talks," it added.

Soviet sources familiar with Kremlin strategic policies said Mr. Reagan's proposals are being scrutinized carefully.

The sources emphasized that some aspects

## NEWS ANALYSIS

of the 1979 Soviet-American strategic arms limitation treaty would have to be retained in the new round of talks.

It appeared doubtful that the required explanations and preparatory work could be accomplished by late June, when Mr. Reagan proposed that the talks open. But the Russians clearly would like to resume the strategic dialogue with the United States soon.

The Soviet Union is expected to advance its own proposals for the forthcoming talks.

The first Soviet reports of Mr. Reagan's speech came 24 hours after he delivered it Sunday. He proposed a two-step plan in which both sides would initially reduce by one-third their arsenals of nuclear warheads on land and their sea-based intercontinental ballistic missiles.

The Russians were briefed on the new proposals Saturday when U.S. chargé d'affaires Warren Zimmermann called on the Soviet Foreign Ministry to deliver an outline of Mr. Reagan's speech and a message for President Leonid I. Brezhnev.

Tass, ostensibly quoting American critics of Mr. Reagan's plan, said the president's proposals aimed "at making the Soviet Union give up more than the United States."

Soviet concerns included the exclusion of long-range bombers and intermediate-range Cruise missiles as well as the fact that Mr. Reagan's current rearmament program would not be affected by the prospective

talks. Tass said this gave "far too little evidence" that the president was serious about curbing the arms race, since programs such as the MX, Trident, B-1 bomber and Cruise missile would continue.

## Core of the Plan

Yet the very core of Mr. Reagan's plan, the proposed reduction by one-third in the number of warheads on both sides, appeared to be the principal concern.

In previous negotiations, the two sides focused on the number of launchers, or large missiles, whose numbers could be monitored by the so-called national technical means, or observation satellites and other electronic spying devices.

In the preliminary analysis in Moscow, Mr. Reagan's plan to make the warhead the basic unit of counting the strategic balance would imply on-site inspection, which the Russians have been reluctant to accept. It

was pointed out, however, that Mr. Brezhnev has stated publicly that he was prepared to accept some form of weapons inspection beyond the national technical means.

It was unclear how the verification of warheads could be accomplished. Just like the Russians, the United States would not welcome Soviet inspectors on U.S. military installations, according to U.S. sources. Some form of international supervision might be possible.

President Reagan also proposed that not more than 50 percent of the retained warheads be land-based. The Russians, who in contrast to the United States rely heavily on land-based large missiles, see this as being more costly to the Soviet Union than to the United States.

Neither Tass nor Novosti gave details of Mr. Reagan's proposals. Both charged that they did not meet the basic Soviet requirement that any Soviet-American strategic

arms agreements should observe "the principle of equality and equal security."

One Soviet commentator implied that Mr. Reagan's speech was aimed largely at defusing the anti-nuclear demonstrations that are expected during his upcoming trip to Europe, but said that doubts about Mr. Reagan's sincerity could perhaps be removed through dialogue.

According to diplomatic observers, Mr. Reagan's straightforward and easy-to-grasp formula could prove an effective way to disarm anti-nuclear groups in the West.

One source described the latest U.S. proposals as a "new zero option," a reference to the president's speech last November in which he proposed the abolition of all new intermediate-range missiles in Europe.

That proposal led to the current Soviet-American talks in Geneva. The Russians say those talks have been blocked by U.S. intransigence.

## Democratic Leaders Tentatively Agree on Proposal for Budget

New York Times Service

**WASHINGTON** — House Democratic leaders have reached tentative agreement on a budget plan that would preserve Social Security benefits but raise taxes by 50 percent more than the Republican plan endorsed by President Reagan and the Senate Budget Committee.

Rep. James R. Jones, Democrat of Oklahoma, chairman of the Budget Committee, said Monday that the plan was designed to appeal to the "broad middle in both parties."

The budget plan pointed up the philosophical differences between the two parties. The Democrats proposed higher taxes, larger cuts in military spending, and smaller cuts in social programs than the Republicans proposed last week.

The Democrats were especially suspicious of Social Security, which they regard as a major campaign issue. The plan generally reflected the offer made by the House Democrats during the unsuccessful five-week negotiations that sought to achieve a budget compromise.

"The speaker is generally supportive of the Jones plan, and sees it as a substantial departure from an economic program that is not working and is not fair," said Chris Matthews, press spokesman for House Speaker Thomas P. O'Neill Jr. of Massachusetts.

The initial response indicated that the plan was more acceptable to moderate Republicans, the so-called "Gypsy Moths," than to conservative Democrats, the "Boll Weevils," although Rep. Jones said that a "number of individuals in both groups are very close to these members."

## Deficit Envisaged

The Democratic plan, which has the general support of the Democratic members of the Budget Committee, envisions a deficit of \$102.9 billion for fiscal 1983, compared with the \$106.1 billion proposed by the Republicans.

Unlike the Republicans, who proposed a three-year package of unspecified federal tax increases of \$95 billion, the Democrats proposed \$145 billion in new taxes.

But while the Republicans proposed a three-year Social Security savings of \$40 billion, which Senate Republicans insisted would come from a reduction in benefits but the president said would come from a restructuring of the program, the Democrats sought no such reduction and smaller reductions in social spending.

The Democrats proposed a \$46-billion, three-year reduction from the president's initial planned increase in military spending, while

the Republican plan called for a \$22-billion reduction.

The Democrats followed the Republican lead in proposing a freeze on nonmilitary discretionary programs such as education and health, but their freeze was not as inclusive and produced \$32.7 billion in savings, compared with \$38 billion proposed by the Republicans. In addition, the Democrats proposed providing nearly \$1 billion for growth in education and training programs.

Rep. Jones, asked if the Democratic plan envisioned elimination of the third year of the tax cut, replied that it was possible to find the revenues from other sources. House Democratic leaders have called for elimination of the third year of the tax cut to lower the deficit.

The budget sets revenue floors and spending ceilings and then lets the appropriate committees propose how to raise those revenues and stay within those ceilings.

The Democratic plan calls for a \$14-billion reduction in benefit programs over a three-year period, compared with a \$33-billion reduction proposed by the Republicans. The plan also calls for a 4-percent increase in federal pay and retirement payments, for a three-year savings of \$31 billion less than those employees and retirees would otherwise receive, roughly the same amount the Republicans proposed.

Some of the committee's liberal Democrats have served notice that, although generally supportive of the plan, they would seek to reduce the cuts in social programs and increase taxes.

The Democratic plan was hailed by Rep. Bill Green, Republican of New York, co-chairman of the Gypsy Moths.

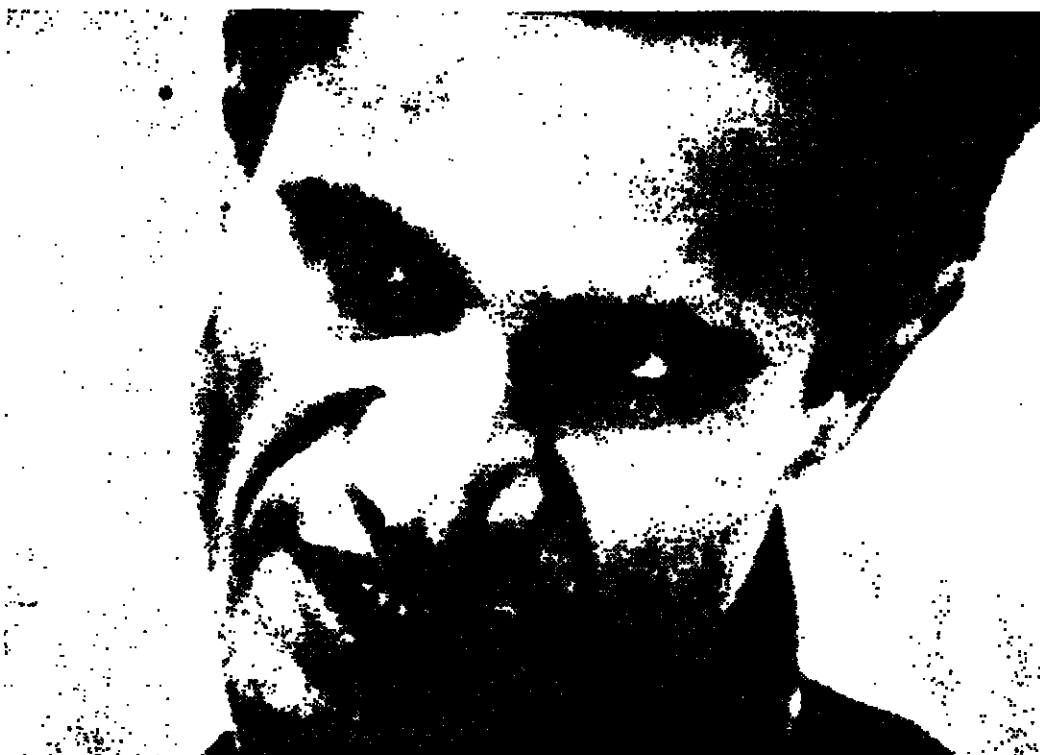
With Republicans expected to offer their own alternative, the stage is being set for competing budget plans to again vie for votes on the House floor.

## Senate Unit Backs Arms Cut

**WASHINGTON (NYT)** — The Senate Armed Services Committee on Monday supported the Reagan administration's proposal for a \$5 billion cut in military spending next year.

Sen. John G. Tower, Republican of Texas, chairman of the panel, said the committee would propose cutbacks in Navy ships and other weaponry but would forestall cuts in such items as two nuclear-powered aircraft carriers and the B-1 bomber.

The committee voted 13 to 1 for the cuts.



Sirhan Sirhan, held for the murder of Robert Kennedy, argued for parole before California board.

## Sirhan Pleads for Parole in 1984

New York Times Service

**SOLEDAD, Calif.** — Sirhan B. Sirhan has pleaded for his freedom before a panel that is considering whether to rescind his scheduled parole in 1984 from the life term he is serving for the murder of Sen. Robert F. Kennedy in 1968.

"I sincerely believe that if Robert Kennedy were alive today, he would not countenance singling me out for this treatment," Sirhan told the three-member panel Monday. "I think that he would be one of the first to say that however horrible, the deed I committed 14 years ago should not be the cause

for giving me unequal treatment under the laws of the country."

At another point, Sirhan said that he had asked his family to tell Sen. Edward M. Kennedy, Democrat of Massachusetts, that he had no intention of assassinating him, if he is released as scheduled.

Other inmates of Soledad Prison where Sirhan is being held testified that he had made threats about killing Sen. Kennedy if he were released.

"I am no longer a naive, impressionable person who feels that he can change the world," Sirhan said. "I have had 14 years to reflect on human life. I have spent agonizing and trying times on death row."

The plea to the panel was broadcast by the Cable News Network from the closed circuit TV system provided to reporters covering the hearing at the prison.

"I have always expressed remorse at what I did," said Sirhan, 38. "I have time and again reflected on the taking of Robert Kennedy's life and what it did to his wife and family."

"The issue is not whether I am liked or not," he said, "but whether laws of this country will be subverted as Van de Kamp suggests."

John Van de Kamp, the Los Angeles County district attorney, petitioned the California Board of Prison Terms last August to rescind the parole date of Sept. 1, 1984, which was granted in 1975.

Sirhan was sentenced to death in

1969 for murder. The state's capital punishment law was overturned in 1972 and Sirhan's sentence was converted to a life term.

The hearings began April 26. In closing arguments Monday, the deputy district attorney, T. Larry Trapp of Los Angeles County said that the parole should be rescinded because Sirhan was not a fit subject for parole, his crime was political assassination, and the panel that granted the parole did not have all the evidence.

"He is more sorry for himself than for his victim," Mr. Trapp said.

## U.S. Ex-Journalist Named to State Department Post

United Press International

**CHICAGO** — President Reagan has named former journalist Richard R. Burt to be assistant secretary of state for European affairs and James L. Buckley as counselor of the State Department in a pair of key foreign policy appointments.

The White House press office announced Monday that Mr. Burt will succeed Lawrence S. Eagleburger, who previously was promoted to undersecretary of state for political affairs, the department's No. 3 post.

Mr. Buckley, the brother of conservative columnist William F. Buckley Jr., steps in to replace Robert C. McFarlane, who moved to the White House as an aide to national security adviser William P. Clark.

A lawyer and business consultant in private life, Mr. Buckley is a former senator from New York and since February, 1981, has been undersecretary of state for security assistance and science technology.

Mr. Burt, a former reporter for The New York Times, has been director of the State Department's Bureau of Politico-Military Affairs since January, 1981. He has had extensive experience as a scholar on international strategic programs.

## U.S. Consulate Crosses Moved in Amsterdam

The Associated Press

**AMSTERDAM** — Five crosses commemorating victims of the El Salvador civil war, among them four Dutch journalists, were moved by city workers under police protection early Tuesday from outside the U.S. Consulate.

The crosses were relocated on one side by a canal flanked on one side by a hotel. They had become a focal point for anti-American demonstrations even after the consulate was closed for repairs.

## Solzhenitsyn Skips Reagan Lunch

Washington Post Service

**WASHINGTON** — Alexander I. Solzhenitsyn, the dissident Soviet writer, refused an invitation to lunch at the White House Tuesday with President Reagan and other former Soviet citizens.

The lunch was planned as a demonstration of American support for the dissident cause. Besides Mr. Reagan, four top aides and Secretary of State Alexander M. Haig Jr. were to take part in the luncheon.

The White House had intended that Mr. Solzhenitsyn have a private, 15-minute meeting with Mr. Reagan before the lunch, but a letter asking for the meeting was mislaid and never sent, according to a White House source. Mr. Solzhenitsyn decided that he did not want to join the other dissidents for lunch.

## Ford Refused Meeting

Mr. Solzhenitsyn has informed the White House that he was displeased that news of the invitation appeared in the press before he received it, the source said. Moreover, he did not think it was appropriate for him, a writer, to join in what he called a group of politicians and professional emigrants.

When Mr. Solzhenitsyn first came to the United States in 1975, President Gerald R. Ford, on the advice of Secretary of State Henry

A. Kissinger, avoided meeting him, apparently to prevent provoking the Soviet Union. Mr. Reagan and his supporters attacked Mr. Ford bitterly for refusing to meet Mr. Solzhenitsyn.

The Reagan administration sought to make a gesture of support by finally inviting Mr. Solzhenitsyn to the White House, but did not want to invite him only. Mr. Solzhenitsyn has become controversial among some Soviet émigrés and Americans as a result of his outspokenness and political views.

Among the others invited to the luncheon were Pyotr Grigorenko, former Red Army major general; Pavel Litvinov, who led a Red

Square demonstration against the Soviet invasion of Czechoslovakia in 1968; Valery Chalidze, an early associate of physicist Andrei Sakharov in human rights activities; Andrei Siniavsky, a poet and philosopher; and Mark Azbel, a former "refusenik" who lives in Israel.

## Student Is Freed in Italy

The Associated Press

**REGGIO CALABRIA, Italy** — Kidnappers released Tuesday Giovanni Gullace, 24, a university student, after nine months of captivity in southern Italy. The police said that Mr. Gullace's family paid a first ransom installment of 300 million lire (\$240,000).

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## Iran and Iraq Report Fierce New Fighting

The Associated Press

**BEIRUT** — Iran and Iraq said Tuesday that their forces were locked in fierce combat around Iran's occupied port city of Khorramshahr.

A communiqué from the Iraqi high command said the advancing Iraqis were forced to retreat and flee after "nightlong battles with all kinds of weapons" in the vicinity of Khorramshahr in Iran's southwestern oil province of Khuzistan.

Iran's joint chiefs of staff said in a communiqué broadcast by Tehran radio that Iranian forces wiped out an infantry and an armored Iraqi brigade and tightened the siege of Khorramshahr on the 12th day of a general offensive to recover Khuzistan.

The rival claims could not be independently verified in the Khuzistan war theater 279 miles (641 kilometers) southwest of Tehran and 288 miles southeast of the Iraqi capital of Baghdad.

Iran and Iraq ban foreign correspondents from regular coverage on the war front that stretches from Iran's western highlands in the foothills of the Zagros mountains south to Khuzistan.

The Tehran communiqué said Iranian forces were closing in on Khorramshahr's western and northwestern outskirts, overrunning enemy earthworks and lookout outposts after destroying the Iraqi Army's 10th Armored Brigade and 90th Infantry Brigade.

The Baghdad communiqué said the Iraqis pulled back, leaving behind 4,575 troops killed and 68 tanks wrecked in the Khorramshahr area midway on the Shatt-al-Arab waterway, Iraq's only sea outlet to the Gulf.

Iran said the liberation of Khorramshahr from nearly 19 months of Iraqi occupation was the goal of its offensive that was launched across the Karun River April 30.

Iraq has since pulled its forces back from almost all of the territory they conquered in Khuzistan since they changed across the border war theater Sept. 22, 1980. Iraqi statements described the withdrawal as a "tactical regrouping" for a showdown in Khorramshahr, but observers in Beirut interpreted the retreat as a major Iraqi defeat.

Neither nation reported any action in Iran's western highlands, which Iraqi forces overran in the early weeks of the conflict.

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## Japan Calls For Panel on Environment

U.S. Reserved on Plan At Nairobi Conference

**The Associated Press**  
Nairobi — Japan has proposed the formation of a commission of statesmen and scientists to set priorities for conserving the world environment in the 21st century.

The idea, put to a worldwide United Nations conference on the environment here Monday, got a lukewarm reception from the United States, the biggest single contributor of funds to UN environmental programs.

Japan also proposed the launching of a "decade for the environment." Sumitomo Hara, director general of Japan's environmental agency, suggested that within that decade a year be designated as "international year for the environment," during which there would be extensive public information campaigns.

Japan reportedly has agreed to pay half the costs of setting up such a proposed commission, which has the backing of the United Nations and a number of European countries.

"The task of this special commission would be to explore the ideal global environment for the 21st century and to formulate strategies to attain it," Mr. Hara said in his address to delegates from about 140 countries gathered here to evaluate the past decade's struggle to preserve the environment.

**U.S. Reservations**  
Some delegates said the group proposed by Japan would be similar to the so-called Brundt Commission. That body, chaired by former West German Chancellor Willy Brandt and including former British Prime Minister Edward Heath, called in 1980 for a more equitable distribution of the world's wealth.

Amie M. Gorsuch, chief U.S. delegate and administrator of the U.S. Environmental Protection Agency, said the United States would have reservations and questions about the Japanese proposal, such as how much would it cost, who would pay for it and who would serve.

"We would always support any well-meaning proposal for addressing international concerns about the environment," Mrs. Gorsuch told reporters. "We also feel that in these days of scarce resources we have to focus dollars on results."

Mrs. Gorsuch said the United States is concerned that such a "commission of wise men," as some delegates called it, would be a costly duplication of efforts already being made by the United Nations Environment Program.

Maurice Strong, a Canadian who was secretary-general of the Stockholm conference and the UN program's first executive director, told reporters he also favored formation of the commission.

The UN Environmental Program organized the Nairobi meeting, which ends next Tuesday, to commemorate the 10th anniversary of the world's first major gathering on the environment, the 1972 Stockholm conference. The UN program was an outgrowth of that meeting.

**Peter Weiss, 65, A Playwright, Is Dead in Sweden**

**United Press International**  
FRANKFURT — Peter Weiss, 65, the playwright, died Monday in Stockholm, the Subkamp publishing house announced Tuesday.

The German-born playwright achieved fame with his "The Persecution and Murder of Jean Paul Marat," "The Investigation," a play about the Auschwitz war crimes trial, "Vietnam Discourse," a condemnation of the American role in Vietnam and "Trotzky in Exile."

Mr. Weiss, whose father converted from Judaism to Christianity, left Germany in 1934, one year after the Nazis came to power, and went to Sweden in 1939 after living in Czechoslovakia and Switzerland. He painted and made documentary and experimental films before he devoted himself mainly to writing in 1948.

He was not well known until his play about the French revolutionist Jean Marat had its premiere April 29, 1964, in West Berlin's Schiller Theater. Mr. Weiss, who wrote in German, became a Swedish citizen in 1945.

**Stojan Matkovic**  
BELGRADE (UPI) — Stojan Matkovic, 57, Yugoslav minister for energy and industry for the past four years, died Monday, the government announced Tuesday.



Portuguese gathered outside a streetcar depot in Lisbon Tuesday morning shortly after the start of a general strike. The banner tied to the depot's fence reads: 'Streets on Strike.'

## 1 Killed, 3 Hurt in Clashes During Portuguese Strike

**Reuters**  
LISBON — One man died and three were injured Tuesday when bus drivers defying a Communist-led general strike called to take their vehicles through protesting crowds, the Portuguese state radio said.

The clashes cast a shadow over preparations for a visit by Pope John Paul II, who will arrive in Portugal Wednesday to visit the holy shrine at Fatima.

Violence flared at bus depots in Lisbon when drivers ignored the strike call and turned up to work as normal. The state radio said that a man was run over and killed by a bus and that three were injured, including a policeman.

The strike, the second in three months, was called by the Communist-led CGTP-Intersindical labor confederation to protest police repression and to demand the resignation of the government. Two workers in Oporto died during clashes on May 1.

The worst incidents Tuesday affected the country's transport system. An explosion destroyed four buses at a private garage in Oporto, and railroad authorities said that tracks had been sabotaged.

Cabinet Secretary Marcelo Rebelo de Sousa said that various acts of sabotage had been reported. He said they were "more sophisticated" than those during the general strike on Feb. 12. He said that barricades had been set up outside some factories, illegal roadblocks erected and attempts made to cut off water and electricity supplies.

But he added that fewer people had obeyed the strike call than in February.

The CGTP, however, called Tuesday's strike a major victory. But the Socialist-led UGT federation, which refused to join, called it a failure. It said that walkout on the eve of the pope's visit was an attempt by the CGTP to hurt the Roman Catholic Church and an insult to the religious feelings of the Portuguese. "There is no strike atmosphere, only sabotage, aggression and illegality," a UGT spokesman said.

**U.S. to Forgo Bids, Sell Buildings To Reagan Campaign Aide's Firm**

**By Howie Kurtz**  
Washington Post Service  
WASHINGTON — Federal housing officials have arranged to sell seven housing projects, without competitive bidding, to a company that includes Edward L. Weidenfeld, the lawyer for President Reagan's campaign committee, and Mr. Weidenfeld's wife, Sheila, who was press secretary to former first lady Betty Ford.

In an unusual move, top officials of the Department of Housing and Urban Development agreed to bypass the standard procedure of putting the government-owned apartment buildings up for bidding at a public auction.

The \$11-million package transaction was approved by Philip D. Winn, who until recently was the assistant housing secretary in charge of such HUD properties. The idea was proposed to him by Sheila Rabbin Weidenfeld, who had served on a Reagan transition advisory group dealing with housing and historic preservation. Other HUD officials have tentatively approved the sale.

Mrs. Weidenfeld owns 20 percent of the stock in First American Housing Preservation Corp., which she helped form last fall to acquire these HUD-owned properties. Edward Weidenfeld, who still handles unresolved legal matters for the Reagan-Bush Committee, is a director of the company and has represented the firm as an attorney in the negotiations.

**Potential Benefits**  
Federal records show that the sale, which comprises seven properties in New York, New Jersey and Connecticut, includes these financial benefits for the company: a below-market mortgage rate of 11.5 percent, a potential profit that HUD estimates at more than \$1 million, tax breaks that can both be used by the partners and sold to outside investors for more profits, a separate fee for managing the buildings, and a sales price nearly \$600,000 less than HUD officials estimate the buildings might bring on the open market.

In addition, HUD will lend most of the firm's \$4-million down payment back to the company at just 2.5-percent interest and will allow the firm to convert two of the buildings to condominiums.

HUD officials and the partners in First American Housing say there is nothing improper about the sale. They say HUD has a poor record in managing such properties and that by selling the buildings as a package, the department is unloading rundown properties along with the more desirable apartments.

"I think it's a pretty straight deal," Sheila Weidenfeld said. "I'm not in a position to do anyone a favor or have a favor given to me. I can understand why people would raise eyebrows... [but] I was just a catalyst for an idea."

Mr. Winn's successor at HUD, Election Violence Left  
58 Dead in Indonesia

**United Press International**  
JAKARTA — At least 58 persons died and 204 were arrested in incidents leading up to the May 4 general elections in Indonesia, an official said.

At least 38 of those detained will be tried for criminal offenses, the nation's security chief, Admiral Sudomo, said Monday after a meeting with President Suharto. He said several others might be tried under the subversion law.

## Thai Editor Not Deterred by Father's Murder

Regional Newspaper Seeks to Expose Official Corruption, Organized Crime

**By Colin Campbell**  
New York Times Service  
YALA, Thailand — The 36-year-old woman who has edited this provincial capital's only daily newspaper for the last three years still prints articles about robberies, killings, bombings, kidnappings, official corruption and extortion by gangsters in southern Thailand.

"I am not afraid," the editor, Supat Boonthanom, said in the offices of Chao Tai, the newspaper that was founded by her father and is now published by her mother, Payom Boonthanom.

Three years ago, shortly before she graduated from the university, her father, Suwat Boonthanom, was murdered in the bustling southern Thai city of Hat Yai.

**Articles on Hat Yai**  
His widow and his daughter say that Mr. Suwat was killed because of his articles about Hat Yai, a well-known center of prostitution. They said Mr. Suwat's murder, who has not been caught, was probably acting on instructions from some influential person — a common Thai expression for a leader of one of the country's criminal organizations, which are considered especially influential in the south.

Supat and Payom Boonthanom also say that those responsible for the murder might be known to Thai authorities. Even the government in Bangkok, 750 miles (1,200 kilometers) away, has acknowledged that southern police often work with criminals. The two women say they have no hope that the case will ever be solved.

Chao Tai has a circulation of 8,000. It is published five days a week and distributed, usually by taxi, to seven other southern provinces. It costs about 10 cents and is entirely devoted to what its editor calls regional news.

Miss Supat brought out a stack of photographs that were taken to accompany a recent article. The photographs showed two men killed in a bombing in a Yala restaurant on April 4. Thirteen others were injured.

The blast, she said, had apparently stemmed from the activities of a group called the Barisan Revolusi Nasional, a Muslim separatist group. Several months ago, the police accused

The region's main source of trouble, according to Miss Supat, at least in the larger towns and provincial capitals, has been a pattern of organized crime and official corruption.

Well-armed urban crime syndicates, such as the mountain insurgents who are often in league with them, have increasingly resorted to violence. Their profits come partly from extortion and partly from their own enterprises, such as smuggling.

An increasing trade has been reported in chemicals used to refine opium into heroin. Moreover, established centers of prostitution that cater to visitors from Malaysia are thriving.

Articles in Miss Supat's paper on such matters — and of policemen who apprehend smugglers and then apparently let them go — have resulted in complaints from the police, a recent summons to the local army base and many letters from readers with similar tales. Chao Tai publishes the letters.

A total of 200 people, including army and police officers and the governor of Yala province, attended Chao Tai's 15th birthday party April 1.

Miss Supat said she supported Lt. Gen. Harn Leenanond, commander of the Thai Army in the south, who has promised to rid the area of Communist and Moslem guerrillas and to show more sympathy for the people's grievances.

**Athens Curbs Industry, Traffic to Cut Pollution**  
**The Associated Press**  
ATHENS — Traffic in Athens was cut by half and industrial output by one-third as government emergency measures went into effect Tuesday against a dense brown pollution cloud hanging over the city.

Environment Minister Antony Tsiaras said that the special restrictions, last applied in February, were necessary because atmospheric pollution in the capital was approaching the danger limit. The emergency measures will also be enforced Wednesday. Pollution levels soared during the weekend because of a heat wave in windless conditions.

**Flow of Refugees From Indochina Remains Heavy**  
**United Press International**  
GENEVA — Thousands of Indochinese refugees fled Vietnam, Cambodia and Laos last month, a spokesman for the United Nations High Commissioner for Refugees said Tuesday.

In April, 4,514 Vietnamese survived sea crossings to other Southeast Asian countries. The UN spokesman said 5,401 "boat people" were resettled during the same month, leaving about 40,000 in camps together with about 160,000 other refugees.

The other refugees are mostly of Laotian or Cambodian origin. About 2,000 of them were resettled last month, but 533 others arrived at camps mainly in Thailand, Malaysia, Indonesia and the Philippines.

Meanwhile, the Intergovernmental Committee for Migration said Tuesday that it had resettled almost 700,000 Indochinese refugees in the past eight years. The largest number, 477,000, went to the United States, followed by France with 82,050, Canada with 60,500, and West Germany with 21,100.

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GENEVA — Jerzy Sanjow is the conductor and Pier-Luigi Pizzi (the stage director and designer of a new production of Humperdink's "Khosrovshah," given in the Staatstheater's orchestra, at the Grand Theatre). The Bulgarian bass Nikola Stolev is in the role of David, with Stefka Mihreva as Maria, Stefan Slavov as Prince Ivan Gromovitch, Peter Lindorff as Prince Andar, Robert Taur as Gallien and Hartmut Walder as Sheddovitch. Richard Caccusi is the choreographer. Remaining performances are scheduled for May 14, 17, 20, 23, 26 and 29.

Givenchy handed the vase back to Traub, plucked up his courage, said a few thank-you words and left — to thunderous applause.



## BUSINESS NEWS BRIEFS

Compiled From Agency Dispatches

### ITT-France Accord Expected in July

CHARLESTON, S.C. — The French Ministry of Industry has agreed to a schedule that would provide a preliminary accord on the nationalization of four of ITT's French telecommunications subsidiaries by June 30 and a final accord by July 31, ITT Chairman Rand V. Araskog said Tuesday.

In remarks prepared for the annual meeting, Mr. Araskog said the company began final negotiations with Paris a few days ago. He said ITT gave the French government an evaluation by Merrill Lynch of the assets slated for nationalization and the French ministry has conducted its own study of the subsidiaries. ITT has not made the Merrill Lynch evaluation public.

### Deutsche Bank Lowers Loan Rates

FRANKFURT — Deutsche Bank, West Germany's largest commercial bank, is cutting its major lending rates by about 1 percentage point, a spokesman said Tuesday. The move effectively undercut the rates of other major West German banks.

After the Deutsche Bundesbank lowered the Lombard rate from 9.5 percent to 9 percent last Thursday, Commerzbank and Dresdner Bank cut certain rates by ½ point, and most other banks followed suit.

The Deutsche Bank action brings private overdraft rates to 14 percent, compared with 15 percent previously and with 14½ percent at the other major banks.

### Argyll Foods to Buy Allied Suppliers

LONDON — Argyll Foods has agreed to acquire the share capital of Allied Suppliers from Allied Suppliers (Holdings), formerly Cavenham, a subsidiary of France's Générale Occidentale, for about £101 million, the companies said Tuesday in a joint statement.

Allied Suppliers (Holdings) will be issued 95 million new Argyll ordinary shares. These will be subsequently be offered for sale to the public through Samuel Montagu and Co. at 85 pence to 100 pence each. The balance of the sale price will be paid by Argyll in cash.

### Mobil to Close Amsterdam Refinery

AMSTERDAM — Mobil intends to cease refining at the start of September at its plant here, its only refinery in the Benelux area, because of losses resulting from falling demand, the company's Dutch subsidiary said Tuesday in a statement. Mobil is the first oil company to announce closure of a Dutch refinery.

Mobil said losses at the refinery run 1.5 million guilders (about \$600,000) a week, with the plant operating at 50 percent of its capacity of 120,000 barrels a day. About 160 jobs will be lost, but the plant will still employ 40 persons for storage and shipment of oil products, Mobil said.

### DG Bank Won't Pay 1981 Dividend

FRANKFURT — Deutsche Genossenschaftsbank, the central institute of West Germany's cooperative banking system, said Tuesday that it will not pay a dividend for 1981, its first such omission since World War II.

The bank reported that group net profit fell to 52.5 million Deutsche marks from 69.4 million DM after substantial risk provisions. A bank statement said its administrative board and shareholders had agreed to put the entire 1981 net profit into reserves.

### Bayer Hopes to Maintain '81 Payout

LEVERKUSEN, West Germany — Bayer will try to maintain this year the dividend of seven Deutsche marks paid on 1981 results, its managing board chairman, Herbert Gruenewald, said Tuesday.

He said he could not be more specific about 1982 prospects, but hopes the slight economic recovery expected in the second half of the year will benefit the chemical industry, and Bayer in particular. Earlier, Bayer announced a 2.4-percent fall to 240 million DM in the parent company's pretax profits for the first quarter.

Meanwhile, managing-board member Franz-Josef Weitkemper said Bayer will propose to next month's shareholder meeting the creation of 200 million DM of contingency authorized capital in conjunction with the possible issue of one or more convertible bonds totaling 500 million DM.

## NYSE Prices Higher After Energy Rally

From Agency Dispatches

NEW YORK — A strong rally in the energy sector led the New York Stock Exchange higher Tuesday, and stock prices closed with moderate gains.

The Dow Jones industrial average peaked during afternoon trading with a gain of six points, then dropped slightly to finish at 865.87, up 4.95. Advances led declines by about nine to five, and volume rose to 54.7 million shares from 46.3 million Monday.

Analysts attributed the gains to bargain-hunting and the likelihood that interest rates will fall in the near term. They said stocks were benefiting from the large amount of cash held by institutional investors, which should find its way into the market.

Another factor behind the market's rally was the growing belief among investors that the world oil glut is beginning to subside, analysts said. Energy stocks had been weak for months due to the falling demand for oil, which led to lower prices and consequently lower corporate earnings.

The energy group has strengthened considerably last week and early this week, however, following projections by industry executives that the oil glut should be over by the end of the year.

Some technology issues were also strong, and General Motors gained ¼ to 43.

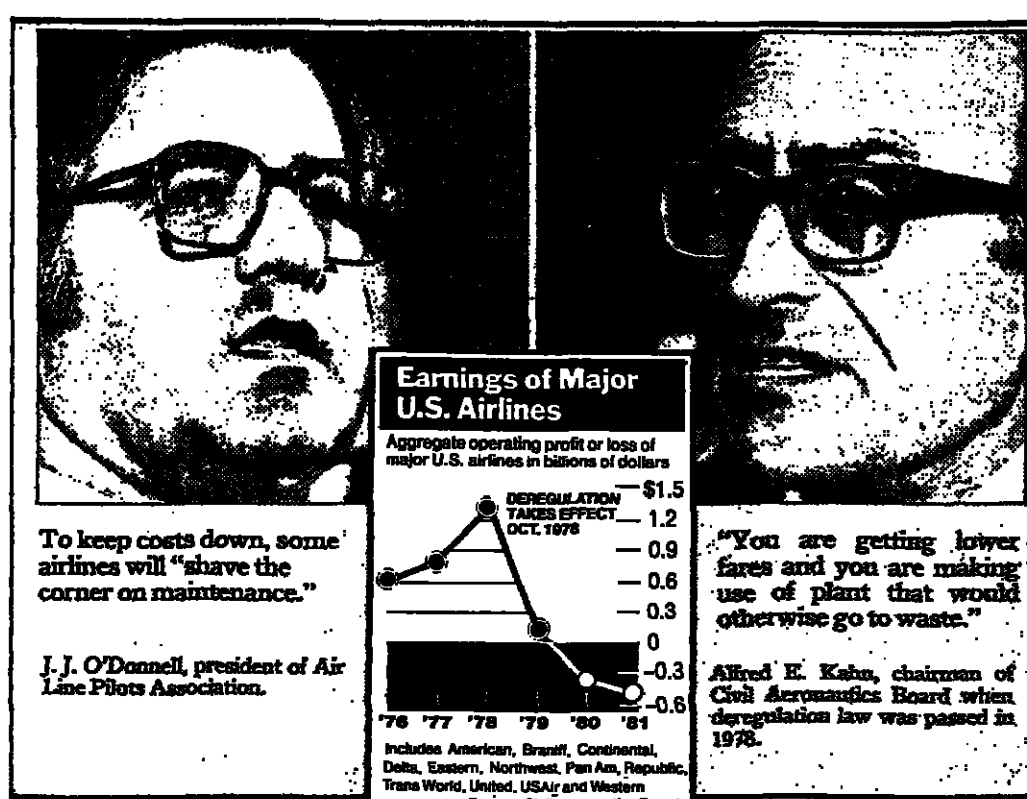
The market drew some encouragement from reports that President Reagan had contacted Rep. Phil Gramm, Democrat of Texas, about a budget compromise. Rep. Gramm sided Mr. Reagan in getting last year's tax-cut program through Congress.

Wall Street also was hopeful that the recession may be reaching a bottom. Treasury Secretary Donald T. Regan, speaking in Stockholm, predicted a strong second-half recovery accompanied by low inflation.

The federal funds rates that banks charge one another for overnight loans rose slightly from Monday's levels, to 14½ by late afternoon, and the Federal Reserve made an \$800-million repurchase agreement.

"We could see a 13-percent federal funds rate later this month," said Edward J. Sawitz, vice president at Discount Corp. of New York. He added that the basic money supply measure is expected to decline slightly during May, which should result in greater availability of reserves in the banking system and thus help lower short-term rates.

Bond prices and short-term interest rates were mixed.



## Decontrol of U.S. Airline Industry Seen Cutting Service, Not Prices

By Agis Salpukas  
New York Times Service

NEW YORK — The airline industry's huge financial losses have raised the question whether the deregulation of air fares has gone too far, indeed whether it may be the cause of many of the industry's troubles. There have been demands that deregulation be modified, reducing competition among the carriers by allowing the role of government to expand and thereby moderating the fare wars that have contributed to the industry's losses.

During the first quarter of 1982, the nine leading U.S. trunk carriers had combined losses of \$489.9 million, almost triple the losses of \$166.4 million in the first quarter last year. About 39,000 workers have been laid off during the current slump.

Auditors of four airlines — Braniff, Continental, Western and Republic — have said that because of losses and debt, the carriers may be unable to remain in business.

If major carriers were to go bankrupt, it is feared that overall air service would be reduced and the stronger airlines would be left to dominate some markets. This would be a paradoxical outcome for a public policy intended to broaden service by stimulating competition.

There have also been questions about airline safety. Many airline pilots and others wonder whether high safety standards can be maintained in the face of pressure to cut costs.

### Deregulation Drive

The drive for deregulation began in the 1970s as criticism mounted that the airlines were competing only in the frequency and convenience of flights and in services offered on flights, not in prices. People began to ask whether the Civil Aeronautics Board, by regulating fares, was not keeping them higher than they would be under more competitive conditions.

The CAB, it was noted, had allowed very few new routes to be opened. No completely new companies had been allowed in the national market from 1938 to 1978. There were, however, new routes and government subsidies granted to new local carriers to provide service to smaller and medium-sized cities.

But during the 1970s, new carriers began to compete more freely on fares within California and Texas, which had more liberal aviation rules. Thus there developed some sense of how deregulation might work nationally.

In 1978, Congress passed the deregulation law, and President Jimmy Carter signed it Oct. 24. The act urged that "maximum reliance on market forces and actual and potential competition" be allowed to bring down fares and provide more variety and quality in service.

### Two Major Effects

This law had two major effects: It provided much greater freedom for airlines to raise and lower fares and to abandon or enter new markets, and it made it much easier for new airlines to start up.

Since its passage, there have been intense fare wars, six new major carriers have started up and others are waiting to do so.

Most of those in favor of continuing deregulation agree with Alfred E. Kahn, who was chairman of the CAB when the law was enacted, that the industry's troubles cannot be attributed mostly to deregulation. The major causes, according to Mr. Kahn, are rapidly increasing fuel prices and the recession, which has led to a severe drop in traffic that has been aggravated by an oversupply of jumbo jets. "There's no way you can attribute that to deregulation," said Mr. Kahn, who is now a professor of economics at Cornell University.

Most airline executives, many of whom once opposed deregulation, now do not want to go back. R.S. (Continued on Page 9, Col. 7)

## Export Loan Issue Roils OECD Talks

By Carl Gewirtz  
International Herald Tribune

PARIS — A dispute over the wording of a few lines about export credits held up the drafting of the 14-page communiqué issued here Tuesday at the end of the annual meeting of top economic officials from members of the Organization for Economic Cooperation and Development.

The dispute pitted the United States, which welcomed the Swedish proposal put forward at a meeting last week as a measure that "could constitute a constructive compromise solution," against France, which simply "noted the compromise proposal."

In the end, the ministers noted that the measures "are intended to constitute a constructive compromise solution."

### Forecasts of Summit

It was not clear whether the tough haggling over such wording indicated that France and its European Economic Community partners would reject the compromise. The United States accepted the formula on Monday, and on Tuesday Japan said it would agree, although both countries said that it was far from satisfactory. If a compromise is not accepted before the so-called consensus on subsidized loans expires later this month, a fierce export credit war is likely to break out among the industrial powers.

Under the compromise, loan

### To Our Readers

A number of currency rates were unavailable Tuesday, due to transmission problems.

## CURRENCY RATES

Interbank exchange rates for May 11, 1982, excluding bank service charges.

	U.S.	DM	FF	£	Y	S	DK	Sc	Sw	N	Sp	It	Gr	Port	Bel	Neth	Aus	NZ	Jap	HK	Sing	Indo	Phil	Thai	Mal	Isrl	Arab	Iran	South	East	Other
Amsterdam	2.36	4.64	11.22	2.41	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Bremen (a)	4.12	7.92	18.92	1.89	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Frankfurt	2.27	4.17	10.17	2.17	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
London (b)	1.00	1.00	2.48	0.70	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Paris	1.66	3.36	8.36	1.66	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Stockholm	1.46	2.96	7.46	1.46	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Switzerland	1.46	2.96	7.46	1.46	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
West Germany	1.00	1.00	2.48	0.70	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Yokohama	1.00	1.00	2.48	0.70	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
1 ECU	1.46	2.96	7.46	1.46	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
1 SDR	1.46	2.96	7.46	1.46	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23

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(a) Commercial franc. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

## Reagan Aide Predicts Joblessness Above 10%

By James L. Rowe Jr.  
Washington Post Service

WASHINGTON — A top Reagan administration economic official has predicted that the U.S. unemployment rate, now at 9.4 percent, will climb above 10 percent within the next few months.

William A. Niskanen, a member of the Council of Economic Advisors, said Monday that higher unemployment is an "unavoidable consequence" of policies designed to fight inflation. But Mr. Niskanen said in a television interview that the Reagan program for recovery is in place and that after unemployment peaks, the rate might fall to 8.5 percent by the end of the year.

Though Mr. Niskanen and most

other administration officials believe a recovery will begin soon, U.S. consumers do not think the economy is out of danger. The University of Michigan reported Monday that consumer confidence is declining, in part because of the recession and high unemployment and in part because of continued high interest rates.

Another administration official, in a background briefing Monday, said it is now too late for any new Reagan administration policies to affect the recession and the unemployment rate before the November elections.

However, the official, who asked not to be identified, said the administration can change the nation's "psychological attitudes" toward the economy and instill

confidence in consumers and business executives.

He noted that President Reagan was to meet with business leaders Tuesday to drum up support for the Senate Budget Committee's compromise budget and will meet with investment community officials Wednesday and bankers Thursday to discuss the discrepancy between the lower inflation rate and continued high interest rates.

As long as the average consumer remains pessimistic about the future, the administration's chances of seeing an economic recovery soon are dim. Traditionally, it has been a renewed spurt of consumer buying that kicks the economy out of recession.

The University of Michigan's quarterly survey of consumer attitudes found Americans reluctant to go into debt or to tap their sav-

ings to make major purchases such as cars or large appliances. According to the survey, more than one-third of 2,000 respondents said they put off purchases because of high interest rates.

### Repayments Slowed

Consumers did borrow more in March, the Federal Reserve Board reported Monday. The increase in borrowing could be the first stirring of consumer willingness to buy again. But two-thirds of the \$990-million increase in consumer debt outstanding was the result of borrowers slowing down debt repayments. New auto loans fell.

New credit extended rose to a seasonally adjusted \$27.46 billion, from \$27.15 billion in February. But the Fed said that consumer repayments of outstanding debts fell to a seasonally adjusted \$26.47 billion, against \$27.08 billion in February.

Even though the inflation rate has fallen dramatically since October, unemployment has been rising. Last month's 9.4 percent unemployment rate was the highest since 1941.

Mr. Niskanen warned against Democratic-sponsored proposals to spend \$2 billion to create special job programs. "In the past, administrations have characterizedly reacted with such programs during the early stages of a recovery, long after the major problems have passed," he said. "I think it would be a mistake to do that again."

## EEC Official Criticizes Steel Production Plans

Reuters

DUSSELDORF — Plans thus far by steel firms in the European Economic Community for restructuring production will lead, except in a few cases, to a totally insufficient reduction in community steel capacity, EEC Commissioner Karl-Heinz Narjes said Tuesday.

Attempts by the EEC Commission to cut annual crude steel capacity by about 30 million metric tons are being undermined by governments, companies and workers, Mr. Narjes, the commissioner for internal trade, told members of the West German Iron and Steel Federation.

EEC governments must declare intended state aid for steel companies and restructuring plans to the commission before Sept. 30. Mr. Narjes said national companies should voluntarily pursue agreements with domestic and foreign firms on reducing capacity and encouraging new investment.

Under the EEC regime, firms could also sell their quota entitlements for certain steel products to other firms, rather than simply withdrawing from specified areas of production.

### Sales Potential

The commission estimates annual EEC steel capacity at 200 million metric tons, which compares with a sales potential of 170 million tons, Mr. Narjes said. He estimated that the growth rate in steel usage will be minimal in the near future.

Mr. Narjes said there are no signs of the EEC steel crisis ending this year, although he added that the commission hopes that small signs of recovery in certain steel firms in early 1982 are evidence

that its crisis management is beginning to stabilize the market.

He warned that, if the crisis continues much longer, it will jeopardize this increasing market stability and could result in a complete collapse of the EEC's internal market.

### 1985 Cutoff

The 10 EEC countries agreed last year to end all state aid to steelmakers by 1985. The EEC Commission has had power to impose emergency cuts in steel production since October, 1980, and recently asked for an 18-month extension of this power, which was due to expire June 30.

Last week a consultative committee of the European Coal and Steel Community voted to extend the cuts, but Industry Commissioner Etienne Davignon said there was some uncertainty about whether the extension would be for 12 months or 18. The recommendation for an extension would have to be approved by a ministerial council session at the end of this month.

## COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

	1981	1980
<b>Italy</b>		
Year Revenue	22,822,000	18,140,000
Profits	97,000	51,000
<b>Sweden</b>		
Year Revenue	27,500.0	48,000.0
Profits	525.0	195.0 Loss
<b>United States</b>		
ITT		
1st Quar. Revenue	5,400.0	5,200.0
Profits	162.7	184.3
Per Share	1.10	1.25
Loews		
1st Quar. Revenue	1,150.0	1,200.0
Profits	45.14	75.44
Per Share	3.64	5.81
<b>West Germany</b>		
Bayer AG		
1st Quar. Revenue	8,740.0	8,220.0
Profits	240.0	244.0

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Quinn-David, May 10, 1982

Quotations in Canadian funds.				High Low Close Ch'ge			
All quotes close unless marked S							
	High	Low	Close Ch'ge		High	Low	Close Ch'ge
425 AINCA Inv	5154	169	164 1/2 +	128	594	916	+ 1/2
263 AIT Inv	5154	169	164 1/2 +	129	594	916	+ 1/2
100 Acklands	5154	169	164 1/2 +	130	594	916	+ 1/2
1278 Adams R	5154	169	164 1/2 +	131	594	916	+ 1/2
N4254 Air Energy	5154	169	164 1/2 +	132	594	916	+ 1/2
100 Andrews W	5154	169	164 1/2 +	133	594	916	+ 1/2
383 Arctic Inv	5154	169	164 1/2 +	134	594	916	+ 1/2
170 Asbeston	5154	169	164 1/2 +	135	594	916	+ 1/2
3222 B.P. Can	5154	169	164 1/2 +	136	594	916	+ 1/2
3222 Bell S	5154	169	164 1/2 +	137	594	916	+ 1/2
100 Bohn A	5154	169	164 1/2 +	138	594	916	+ 1/2
3222 Borealis Oil	5154	169	164 1/2 +	139	594	916	+ 1/2
5400 Brifor Res	5154	169	164 1/2 +	140	594	916	+ 1/2
4229 Brifor Res	5154	169	164 1/2 +	141	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	142	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	143	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	144	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	145	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	146	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	147	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	148	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	149	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	150	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	151	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	152	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	153	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	154	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	155	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	156	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	157	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	158	594	916	+ 1/2
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180 Brifor Res	5154	169	164 1/2 +	167	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	168	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	169	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	170	594	916	+ 1/2
180 Brifor Res	5154	169	164 1/2 +	171	594	916	+ 1/2

Quotations in Canadian funds.		High Low Close Chg.			
All quotes cents unless marked \$					
8178 Bank Mont	520	79%	79%	14	-
750 Can Bath	514 1/4	14	14	-	-
520 Dem TdA	\$ 9 1/2	9 1/2	9 1/2	-	-
2018 Nfld	480	480	480	-	-
4000 Power Co	51	10 1/2	11	+	+
100 Roflandia	425	425	425	-	-
5704 Royal Bank	521 1/2	21 1/4	21 1/4	+	+
Total Sales 588,155 shares.					

May 11, 1983		
	Close	Previous
Montreal	292.98	285.94
Toronto	1,592.60	1,555.70
Montreal : Stock Exchange Industrials Index.		
Toronto : TSE 300 Index.		

	A.M.	P.M.	N.C.
London	330.00	332.25	+1.25
Zurich	329.50	332.50	+2.00
Paris (12.5 ctds)	326.66	N.A.	N.A.
Luxembourg	327.40		+1.05

Official futures for London, Paris and Luxembourg, opening and closing prices for Zurich. U.S. dollars per franc.

Prices	May	Aug.	Nov.
300	6.25-8.25	25.00-28.00	— —
350	1.75-3.50	15.00-18.00	29.00-32.00
370	0.50-1.00	7.00-9.50	20.50-23.50
390	0.10-0.50	4.50-6.50	14.00-17.00
410	0.10-0.50	3.00-4.50	8.50-11.00

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Alahli Bank of Kuwait K.S.C.	Al-Mal Group	Arab Asian Bank E.C.	Arab Bank Investment Company Limited
The Arab Investment Company	Banco Arabe Español, S.A	Bank Gutzwiller, Kurz, Bungeer (Overseas) Limited	
Bank of Tokyo International Limited		Banque Française du Commerce Extérieur	Banque Worms
Burgan Bank S.A.K. - Kuwait	BNP - Paribas (Hong Kong) Limited		Continental Illinois Limited
Credit Agricole	Credit Commercial de France		Credit Industriel et Commercial
The Development Bank of Singapore Limited			European Bank Company Limited
Fuji International Finance Limited	Kidder, Peabody International Limited		Keiwoort, Benson Limited
Kuwait International Investment Co. s.a.k.	LTCB International Limited		Middle East Bank Ltd
Mitsubishi Bank (Europe) S.A.	Samuel Montagu & Co. Limited		Morgan Guaranty Ltd
Nippon Credit International (HK) Ltd.	Nippon European Bank S.A.	Rabobank Nederland	Société Générale
Tokai Bank Nederland N.V.	Union de Banques Arabes et Françaises - U.B.A.F.		S.G. Warburg & Co. Ltd.

International Herald Tribune



## Treasury and Congress Get Ready To Act Out the Debt-Ceiling Ritual

By Edward Cowan

WASHINGTON — "Dear Mr. Chairman," the letters will begin. Signed by Donald T. Regan, the secretary of the Treasury, they will be sent to the members of the House Ways and Means Committee and the Senate Finance Committee. The letters will be sent to Congress for the third time in 15 months — must again raise the debt ceiling on the national debt, or the United States will be unable to pay its bills.

And as will occur a new round in the dialogue between the Treasury and Congress that goes back to 1946, when Congress imposed a "permanent" ceiling on the government's debt of \$275 billion. The ceiling was raised to \$300 billion, and the debt, which varies from day to day, exceeds \$1 trillion.

The Treasury may send the letters within a few days. Or it may hold off until mid-June if the cash flow experts find that there is likely to be just enough cash to squeak by a June 1 without borrowing more than the limit.

Congress will raise the ceiling. It always does. But first there will be a flood of letters about the dangers of deficit financing. There will also be recommendations from other quarters about members of Congress who vote against a higher debt ceiling after voting for the spending and tax cuts that make more borrowing inevitable.

Some members will denounce the debt ceiling as meaningless and a waste of time. Others will praise it as an obstacle to fiscal irresponsibility.

This year there may be a new step in this political dance. Before voting to raise the debt ceiling, Congress may decide first to approve a constitutional amendment requiring a balanced budget, thus providing some political insulation for members who do not like to be exposed to charges that they voted to raise the debt.

**Tremendous Deficit**  
Politics is never far removed from this ritualized debate, although the debt ceiling has defenders and critics in both parties. With the collapse of the three-sided budget negotiations on April 22, many members see the necessity of raising the ceiling — and letting the Treasury go on paying benefits and bills — as forcing a resolution of the budget issue.

"It will be difficult for the administration to get the votes to increase the debt unless something is done to reduce these tremendous deficits," warned Sen. Harry F. Byrd Jr., an independent from Virginia.

Rep. Barber B. Conable Jr. of New York, the ranking Republican on the Ways and Means Committee, said, "I suspect we'll have a confrontation — possibly vote it down once or twice and put the government into impasse."

The ceiling on the debt of \$1.078 trillion, enacted last Sept. 30, was expected to give the Treasury a full year's headroom for borrowing. But the fiscal 1982 budget deficit is running higher than expected.

Without another increase, the Treasury will tell Congress, the government will be unable to raise the cash it needs to pay its bills. The Treasury estimates that the debt, assuming a higher ceiling, will stand at \$1.132 trillion when fiscal 1982 ends on Sept. 30.

If the Treasury did sell securities in excess of the legal limit, officials said, the secretary would be personally liable. Treasury officials regard this as unthinkable. To make sure the ceiling is not breached, Savings Bonds sales would be stopped.

What would happen if borrowing were stopped and the Treasury's cash balance exhausted? Members of Congress believe that the government would stop sending out checks, even monthly Social Security checks, and this belief prompts Congress to keep the money flowing.

In fact, said Bartlett A. Derrick, a career fiscal officer, the checks would go out as usual. "We couldn't stop them," he said. "We don't have any authority." Mr. Derrick explained that, when the Treasury receives disbursement orders from the 14,500 persons authorized to sign them, by law it must send out the checks.

If the cash balance were exhausted, would the checks of the U.S. government bounce? "Theoretically, yes; in real life, probably not," Mr. Derrick said. "The commercial banks would

**W. German Urges Investment Aids**  
FRANKFURT — West German exports will expand only modestly in 1982 and will not be enough to stimulate investment, Rolf Rodenstock, president of the Federation of German Industry, said Tuesday.

Addressing a meeting of the West German electrical engineering association, Mr. Rodenstock called for better conditions for investment, including tax relief to strengthen industry's capital base, more mixed credits to finance exports to developing countries, and lower unit wage costs.

Although the pace of wage rises slowed in the last pay round, stagnating production and weak productivity mean that unit wage costs are still rising, and as long as this remains the case, conditions on the labor market will not ease, Mr. Rodenstock said.

However, it is labeled, the West Germans made clear that they are having none of it, putting the emphasis on "maintaining price stability" and reducing "structural budget deficits by limiting public expenditure on consumption."

With governments pointing a finger at each other about which is to blame for the morass and which should be doing something about it, ministers agreed in the final communiqué that they should assure "a sustainable recovery of non-inflationary economic growth and employment" but that "individual countries need to set their economic policies in accordance with the varying nature and severity of the structural and other impediments to growth faced by their economies."

They also agreed "on the need for further joint efforts to resist protectionist pressures" and said they "are determined to maintain the credibility" of the open and multilateral trading system.

In their speeches, ministers indicated that another year is brewing over government-financed research and development in high technology. "The spread of domestic support policies in the key high growth, high technology sectors... can also be the precursors to new forms of friction among nations," the U.S. commerce secretary, Malcolm Baldrige, said. He was seconded by the West Germans.

**Sore Spot**  
But France, which intends to make the technological revolution a major theme at the summit, and Japan will not go along with that view. "Promotion of research and development in this area is important," Yoshio Sakurachi, Japan's minister for foreign affairs told the meeting.

Another sore spot is the very toughly worded U.S. attitude toward financial relations with Eastern Europe. Walter Stoessel, deputy U.S. secretary of state, told the group that there is a need "to avoid overextending to the East" and a problem with "subsidized credits."

Citing a total East Bloc foreign debt of \$80 billion, he said, "There are thresholds beyond which net lending by OECD nations to such countries makes no economic sense."

**Export Credit Dispute Roils OECD Gathering**  
(Continued from Page 7)  
drop of economic growth and declining unemployment.

Although couched in discreet language, the OECD secretariat has been suggesting that some countries — never specifically named, but clearly Japan and West Germany — could do more to stimulate their economies.

**'Locomotive' Theory**  
The West Germans are resisting any return to the discredited "locomotive" theory of the late 1970s. The buzzword today is "differentiation" — meaning that countries not suffering high inflation or overly large budget deficits should take the lead in refueling domestic demand.

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**Loan Scandal Shakes Korean Firms**  
By Allan Reditt  
Reuters  
SEOUL — A scandal has shaken South Korea's unofficial money market, knocked share prices down sharply and pushed several major companies to the brink of bankruptcy.

The run on the stock market began with news that a leading company's promissory note — used as collateral for an unofficial, or curb market, loan — had been dishonored by the banks, market sources said. Now the prosecutor general's office has arrested a former parliamentarian, Lee Chol-Hi, and his wife, Chang Yong-Ja, on charges of breaking foreign exchange control law.

Ten industrial and construction companies, many with major contracts in Saudi Arabia, Iraq and Libya, have already filed petitions with the authorities alleging that the couple was in breach of trust as private money lenders on the curb market. The companies allege that the couple misused promissory

notes put up by the companies as collateral.

The couple is charged with conspiracy to smuggle \$400,000 to the United States. The state prosecutor is still investigating the alleged irregularities on the curb market.

The South Korean stock exchange suspended trading in Kong Yung Construction and Ilshin Steel after Kong Yung shares fell to 394 won (53 cents) from 634 and Ilshin shares to 86 won from 205, amid rumors that several companies were unable to meet their obligations under heavy borrowing on the unofficial market.

Banking sources say Kong Yung has 70 billion won (\$98 million) in loans from Mr. Lee and his wife. The Seoul district civil court has taken over management of the company and frozen all its assets and liabilities.

The unofficial market accounts for about 40 percent of the money available for lending, the sources say. The South

Korean prime rate is 13 1/2 percent, but the return on the unofficial market is nearly twice as high, so thousands of small investors' clubs formed by housewives, workers and landlords with huge sums cannot be drawn into the official banking sector, bankers say.

They say that South Korean construction companies often need cash in the middle of their projects and that those that have exhausted their credit at banks often have no alternative to the curb market. But, the sources say, the Finance Ministry has told commercial banks to help major customers facing liquidity problems.

One banker said he did not believe that the government would let all the companies involved go under but that it may let one go bankrupt as an example. Controls on private lending imposed by President Park Chung-hee in 1972 were relaxed within a week after an outcry from the business community.

Frederick C. Thayer, an associate professor of public administration at the University of Pitt-

burgh, said many of the new airlines, interested in saving money and lacking the means to service their own planes, are forced to rely on other airlines to do the work for them. "You may be having people doing maintenance who are not intimately familiar with the procedures of all the companies they serve," he said.

Mr. Thayer also insisted that those who put through deregulation were operating on the false premise that the further prices were lowered, the more seats would be filled.

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Instead, with the new carriers and extra capacity left over from the days of rapid expansion, there are more seats than needed.

U.S. Airline Policy May Cut Competition, Some Claim  
(Continued from Page 7)  
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Tables include the nationwide prices up to the closing on Wall Street

[illegible]

12 Month Stock											12 Month Stock											12 Month Stock													
High	Low	Vol.	S. Yld.	P/E	100s.	High	Low	Vol.	Close	Open	High	Low	Vol.	S. Yld.	P/E	100s.	High	Low	Vol.	Close	Open	High	Low	Vol.	S. Yld.	P/E	100s.	High	Low	Vol.	Close	Open			
12	14	100	4.1	2.5	15.0	12	14	100	4.1	2.5	15.0	12	14	100	4.1	2.5	15.0	12	14	100	4.1	2.5	15.0	12	14	100	4.1	2.5	15.0	12	14	100	4.1	2.5	15.0
15	17	120	4.5	2.8	16.0	15	17	120	4.5	2.8	16.0	15	17	120	4.5	2.8	16.0	15	17	120	4.5	2.8	16.0	15	17	120	4.5	2.8	16.0	15	17	120	4.5	2.8	16.0
18	20	140	4.8	3.1	17.0	18	20	140	4.8	3.1	17.0	18	20	140	4.8	3.1	17.0	18	20	140	4.8	3.1	17.0	18	20	140	4.8	3.1	17.0	18	20	140	4.8	3.1	17.0
21	23	160	5.1	3.4	18.0	21	23	160	5.1	3.4	18.0	21	23	160	5.1	3.4	18.0	21	23	160	5.1	3.4	18.0	21	23	160	5.1	3.4	18.0	21	23	160	5.1	3.4	18.0
24	26	180	5.4	3.7	19.0	24	26	180	5.4	3.7	19.0	24	26	180	5.4	3.7	19.0	24	26	180	5.4	3.7	19.0	24	26	180	5.4	3.7	19.0	24	26	180	5.4	3.7	19.0
27	29	200	5.7	4.0	20.0	27	29	200	5.7	4.0	20.0	27	29	200	5.7	4.0	20.0	27	29	200	5.7	4.0	20.0	27	29	200	5.7	4.0	20.0	27	29	200	5.7	4.0	20.0
30	32	220	6.0	4.3	21.0	30	32	220	6.0	4.3	21.0	30	32	220	6.0	4.3	21.0	30	32	220	6.0	4.3	21.0	30	32	220	6.0	4.3	21.0	30	32	220	6.0	4.3	21.0
33	35	240	6.3	4.6	22.0	33	35	240	6.3	4.6	22.0	33	35	240	6.3	4.6	22.0	33	35	240	6.3	4.6	22.0	33	35	240	6.3	4.6	22.0	33	35	240	6.3	4.6	22.0
36	38	260	6.6	4.9	23.0	36	38	260	6.6	4.9	23.0	36	38	260	6.6	4.9	23.0	36	38	260	6.6	4.9	23.0	36	38	260	6.6	4.9	23.0	36	38	260	6.6	4.9	23.0
39	40	280	6.9	5.2	24.0	39	40	280	6.9	5.2	24.0	39	40	280	6.9	5.2	24.0	39	40	280	6.9	5.2	24.0	39	40	280	6.9	5.2	24.0	39	40	280	6.9	5.2	24.0
42	44	300	7.2	5.5	25.0	42	44	300	7.2	5.5	25.0	42	44	300	7.2	5.5	25.0	42	44	300	7.2	5.5	25.0	42	44	300	7.2	5.5	25.0	42	44	300	7.2	5.5	25.0
45	47	320	7.5	5.8	26.0	45	47	320	7.5	5.8	26.0	45	47	320	7.5	5.8	26.0	45	47	320	7.5	5.8	26.0	45	47	320	7.5	5.8	26.0	45	47	320	7.5	5.8	26.0
48	50	340	7.8	6.1	27.0	48	50	340	7.8	6.1	27.0	48	50	340	7.8	6.1	27.0	48	50	340	7.8	6.1	27.0	48	50	340	7.8	6.1	27.0	48	50	340	7.8	6.1	27.0
51	53	360	8.1	6.4	28.0	51	53	360	8.1	6.4	28.0	51	53	360	8.1	6.4	28.0	51	53	360	8.1	6.4	28.0	51	53	360	8.1	6.4	28.0	51	53	360	8.1	6.4	28.0
54	56	380	8.4	6.7	29.0	54	56	380	8.4	6.7	29.0	54	56	380	8.4	6.7	29.0	54	56	380	8.4	6.7	29.0	54	56	380	8.4	6.7	29.0	54	56	380	8.4	6.7	29.0
57	59	400	8.7	7.0	30.0	57	59	400	8.7	7.0	30.0	57	59	400	8.7	7.0	30.0	57	59	400	8.7	7.0	30.0	57	59	400	8.7	7.0	30.0	57	59	400	8.7	7.0	30.0
60	62	420	9.0	7.3	31.0	60	62	420	9.0	7.3	31.0	60	62	420	9.0	7.3	31.0	60	62	420	9.0	7.3	31.0	60	62	420	9.0	7.3	31.0	60	62	420	9.0	7.3	31.0
63	65	440	9.3	7.6	32.0	63	65	440	9.3	7.6	32.0	63	65	440	9.3	7.6	32.0	63	65	440	9.3	7.6	32.0	63	65	440	9.3	7.6	32.0	63	65	440	9.3	7.6	32.0
66	68	460	9.6	7.9	33.0	66	68	460	9.6	7.9	33.0	66	68	460	9.6	7.9	33.0	66	68	460	9.6	7.9	33.0	66	68	460	9.6	7.9	33.0	66	68	460	9.6	7.9	33.0
69	71	480	9.9	8.2	34.0	69	71	480	9.9	8.2	34.0	69	71	480	9.9	8.2	34.0	69	71	480	9.9	8.2	34.0	69	71	480	9.9	8.2	34.0	69	71	480	9.9	8.2	34.0
72	74	500	10.2	8.5	35.0	72	74	500	10.2	8.5	35.0	72	74	500	10.2	8.5	35.0	72	74	500	10.2	8.5	35.0	72	74	500	10.2	8.5	35.0	72	74	500	10.2	8.5	35.0
75	77	520	10.5	8.8	36.0	75	77	520	10.5	8.8	36.0	75	77	520	10.5	8.8	36.0	75	77	520	10.5	8.8	36.0	75	77	520	10.5	8.8	36.0	75	77	520	10.5	8.8	36.0
78	80	540	10.8	9.1	37.0	78	80	540	10.8	9.1	37.0	78	80	540	10.8	9.1	37.0	78	80	540	10.8	9.1	37.0	78	80	540	10.8	9.1	37.0	78	80	540	10.8	9.1	37.0
81	83	560	11.1	9.4	38.0	81	83	560	11.1	9.4	38.0	81	83	560	11.1	9.4	38.0	81	83	560	11.1	9.4	38.0	81	83	560	11.1	9.4	38.0	81	83	560	11.1	9.4	38.0
84	86	580	11.4	9.7	39.0	84	86	580	11.4	9.7	39.0	84	86	580	11.4	9.7	39.0	84	86	580	11.4	9.7	39.0	84	86	580	11.4	9.7	39.0	84	86	580	11.4	9.7	39.0
87	89	600	11.7	10.0	40.0	87	89	600	11.7	10.0	40.0	87	89	600	11.7	10.0	40.0	87	89	600	11.7	10.0	40.0	87	89	600	11.7	10.0	40.0	87	89	600	11.7	10.0	40.0
90	92	620	12.0	10.3	41.0	90	92	620	12.0	10.3	41.0	90	92	620	12.0	10.3	41.0	90	92	620	12.0	10.3	41.0	90	92	620	12.0	10.3	41.0	90	92	620	12.0	10.3	41.0
93	95	640	12.3	10.6	42.0	93	95	640	12.3	10.6	42.0	93	95	640	12.3	10.6	42.0	93	95	640	12.3	10.6	42.0	93	95	640	12.3	10.6	42.0	93	95	640	12.3	10.6	42.0
96	98	660	12.6	10.9	43.0	96	98	660	12.6	10.9	43.0	96	98	660	12.6	10.9	43.0	96	98	660	12.6	10.9	43.0	96	98	660	12.6	10.9	43.0	96	98	660	12.6	10.9	43.0
99	100	680	12.9	11.2	44.0	99	100	680	12.9	11.2	44.0	99	100	680	12.9	11.2	44.0	99	100	680	12.9	11.2	44.0	99	100	680	12.9	11.2	44.0	99	100	680	12.9	11.2	44.0
102	104	700	13.2	11.5	45.0	102	104	700	13.2	11.5	45.0	102	104	700	13.2	11.5	45.0	102	104	700	13.2	11.5	45.0	102	104	700	13.2	11.5	45.0	102	104	700	13.2	11.5	45.0
105	107	720	13.5	11.8	46.0	105	107	720	13.5	11.8	46.0	105	107	720	13.5	11.8	46.0	105	107	720	13.5	11.8	46.0	105	107	720	13.5	11.8	46.0	105	107	720	13.5	11.8	46.0
108	110	740	13.8	12.1	47.0	108	110	740	13.8	12.1	47.0	108	110	740	13.8	12.1	47.0	108	110	740	13.8	12.1	47.0	108	110	740	13.8	12.1	47.0	108	110	740	13.8	12.1	47.0
111	113	760	14.1	12.4	48.0	111	113	760	14.1	12.4	48.0	111	113	760	14.1	12.4	48.0	111	113	760	14.1	12.4	48.0	111	113	760	14.1	12.4	48.0	111	113	760	14.1	12.4	48.0
114	116	780	14.4	12.7	49.0	114	116	780	14.4	12.7	49.0	114	116	780	14.4	12.7	49.0	114	116	780	14.4	12.7	49.0	114	116	780	14.4	12.7	49.0	114	116	780	14.4	12.7	49.0
117	119	800	14.7	13.0	50.0	117	119	800	14.7	13.0	50.0	117	119	800	14.7	13.0	50.0	117	119	800	14.7	13.0	50.0	117	119	800	14.7	13.0	50.0	117	119	800	14.7	13.0	50.0
120	122	820	15.0	13.3	51.0	120	122	820	15.0	13.3	51.0	120	122	820	15.0	13.3	51.0	120	122	820	15.0	13.3	51.0	120	122	820	15.0	13.3	51.0	120	122	820	15.0	13.3	51.0
123	125	840	15.3	13.6	52.0	123	125	840	15.3	13.6	52.0	123	125	840	15.3	13.6	52.0	123	125	840	15.3	13.6	52.0	123	125	840	15.3	13.6	52.0	123	125	840	15.3	13.6	52.0
126	128	860	15.6	13.9	53.0	126	128	860	15.6	13.9	53.0	126	128	860	15.6	13.9	53.0	126	128	860	15.6	13.9	53.0	126	128	860	15.6	13.9	53.0	126	128	860	15.6	13.9	53.0
129	131	880	15.9	14.2	54.0	129	131	880	15.9	14.2	54.0	129	131	880	15.9	14.2	54.0	129	131	880	15.9	14.2	54.0	129	131	880	15.9	14.2	54.0	129	131	880	15.9	14.2	54.0
132	134	900	16.2	14.5	55.0	132	134	900	16.2	14.5	55.0	132	134	900	16.2	14.5	55.0	132	134	900	16.2	14.5	55.0	132	134	900	16.2	14.5	55.0	132	134	900	16.2	14.5	55.0
135	137	920	16.5																																

Sales figures are unofficial

d—New yearly lows, v—New Yearly highs.

Unless otherwise noted, rates of dividends in the foregoing table are annual distributions based on the last quarterly earnings and are subject to change without notice. Dividend payments not designated as regular are identified in the following footnotes.

a—Alike equity or extras, b—Annual rates plus stock dividend percentage, c—Declared or paid in preceding 12 months, d—Dividend, e—Declared or paid in preceding 12 months, f—Paid this year, g—Dividend omitted, deferred or no action taken on stock dividend meaning, h—Deferred or paid this year, i—Paid this year, j—Dividend omitted, deferred or no action taken on stock dividend meaning, k—Declared or paid this year, l—Paid in preceding 12 months plus stock dividend, m—Paid in stock in preceding 12 months, estimated cash value or no dividend or no distribution data.

n—Ex-dividend or ex-rights, v—Ex-dividend and sales in foot-

old—Called, wd—When distributed, w—When issued, wv—When warrants, x—Without par, xld—Ex distribution.

v—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies

All of these notes having been placed, this announcement appears for purposes of record only.

**U.S. \$ 500,000,000**  
**14¼% U.S. Dollar Notes of 1982, due 1987**



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Arnhold and S. Bleichroeder, Inc.	Atlantic Capital Corporation	Bache Halsey Stuart Shields Incorporated
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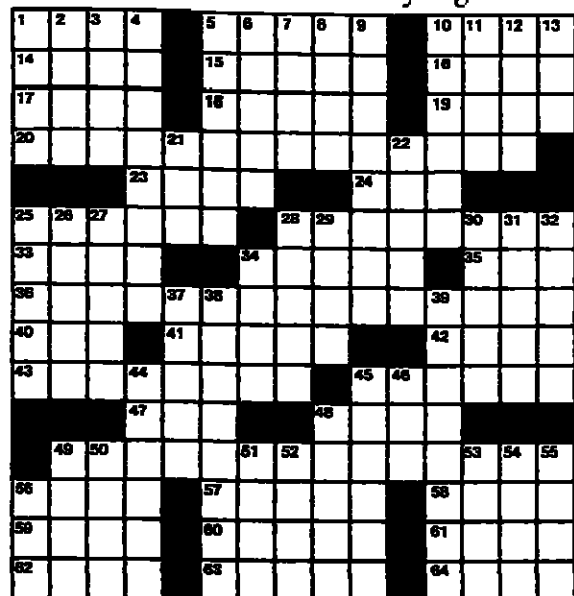
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## CROSSWORD

Edited by Eugene T. Malesha



## ACROSS

- 1 State  
5 Witch-hunt town  
10 "Bird" never went to  
14 Not taped  
15 Charlie country singer  
16 Turnpike component  
17 Flops, as a play  
18 Confine  
19 Writers Levin and Wolfert  
20 Walker hit  
21 Primary, e.g.  
24 Ending for Manhattan  
25 Descendant of Shem  
28 Like the speed of light  
33 With, to Pierre  
34 "a leg!"  
35 "The Sandpiper" Trevelyan  
36 Gershwin's "It So"  
40 Co.'s cousin  
41 Ovid was one  
42 Zaire river  
43 Latitudinal line  
45 Stranded  
47 Nancy's man  
48 Director Vittorio De
- 49 Song of 1916  
56 Complain  
57 Opera highlights  
58 Cave, to Caesar  
59 "in Kalamazoo"  
60 This takes two to do  
61 Bator  
62 Wojtyla or  
63 Glacial ridge  
64 "Pillow" 1980 film
- DOWN  
1 "Four Seasons" director (henceforth)  
2 Number for a Henry  
3 Tied  
4 Synonym for 18 Across  
5 Do a cutting  
6 Stand  
7 Out on a  
8 Ernie's widow  
9 "I scent the morning air" Shk  
10 Plate for holding hot  
11 Mata of interest in spy lore  
12 Land sounding like a hipster's cry
- 13 Downs' partner  
21 Door or welcome follower  
22 Flummoxed  
23 Elbe feeder  
26 Broadway hit  
27 Darius  
28 This may have a pair of drawers  
29 Kind of kiln  
30 Foreign  
31 "prosequi"  
32 Fiddled around  
34 Bio., chem., etc.  
37 From (henceforth)  
38 Toothless  
39 Vagabond  
44 Three-bagger  
45 Bowdlerize  
46 Siouan people  
48 Where Tandy  
49 Role played by John Ferrer: 1943-45  
50 Soviet sea  
51 Mardi  
52 Sky sound  
53 Earthenware jar  
54 Salesman's goal  
55 Hero of "The Hairy Ape"  
56 Size of paper

## WEATHER

	HIGH	LOW	COND.		HIGH	LOW	COND.
ALBUQUERQUE	77	63	Cloudy	LOS ANGELES	68	58	Cloudy
ALBANY	77	63	Cloudy	MADRID	72	58	Cloudy
ALBUQUERQUE	77	63	Cloudy	MALAGA	72	58	Cloudy
ALBUQUERQUE	77	63	Cloudy	MEXICO CITY	77	63	Fair
ALBUQUERQUE	77	63	Cloudy	MIAMI	82	68	Fair
ALBUQUERQUE	77	63	Cloudy	MILAN	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	MONTREAL	72	58	Cloudy
ALBUQUERQUE	77	63	Cloudy	MOSCOW	68	54	Cloudy
ALBUQUERQUE	77	63	Cloudy	MURKIN	72	58	Cloudy
ALBUQUERQUE	77	63	Cloudy	NASSAU	84	70	Fair
ALBUQUERQUE	77	63	Cloudy	NEW DELHI	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	NEW YORK	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	NICE	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	ORLO	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	PARIS	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	PEKING	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	PRAGUE	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	REYKJAVIK	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	RIO DE JANEIRO	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	ROME	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	SAG PAULO	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	SEUL	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	SHANGHAI	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	SINGAPORE	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	STOCKHOLM	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	SYDNEY	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	TAIPEI	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	TOKYO	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	TUNIS	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	VERONA	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	WASHINGTON	72	58	Fair
ALBUQUERQUE	77	63	Cloudy	ZURICH	72	58	Fair

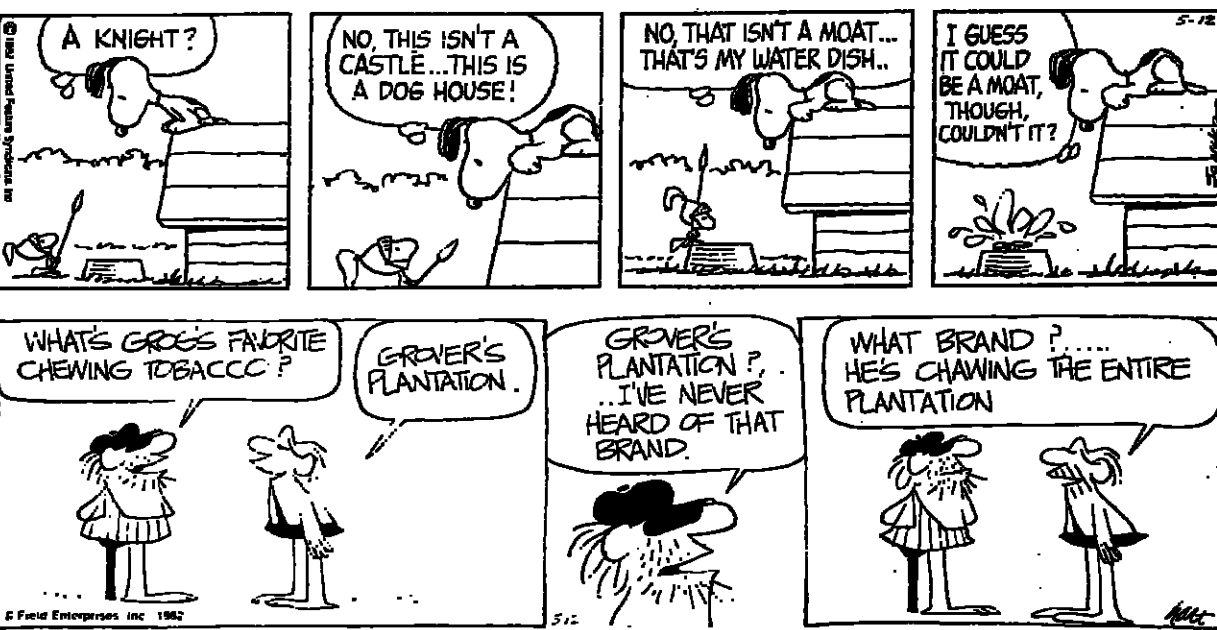
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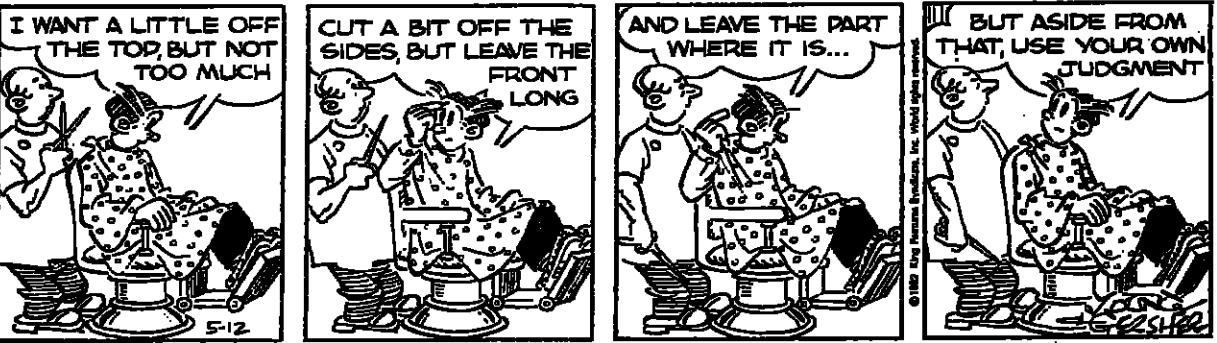
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<b>BANK OF AMERICA</b>	SP 70.00	<b>UNITED BANK OF SWITZERLAND</b>	SP 70.00
(1) Bank of America	SP 70.00	(1) United Bank of Switzerland	SP 70.00
(2) Bank of America	SP 70.00	(2) United Bank of Switzerland	SP 70.00
(3) Bank of America	SP 70.00	(3) United Bank of Switzerland	SP 70.00
(4) Bank of America	SP 70.00	(4) United Bank of Switzerland	SP 70.00
(5) Bank of America	SP 70.00	(5) United Bank of Switzerland	SP 70.00
(6) Bank of America	SP 70.00	(6) United Bank of Switzerland	SP 70.00
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(8) Bank of America	SP 70.00	(8) United Bank of Switzerland	SP 70.00
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## PEANUTS



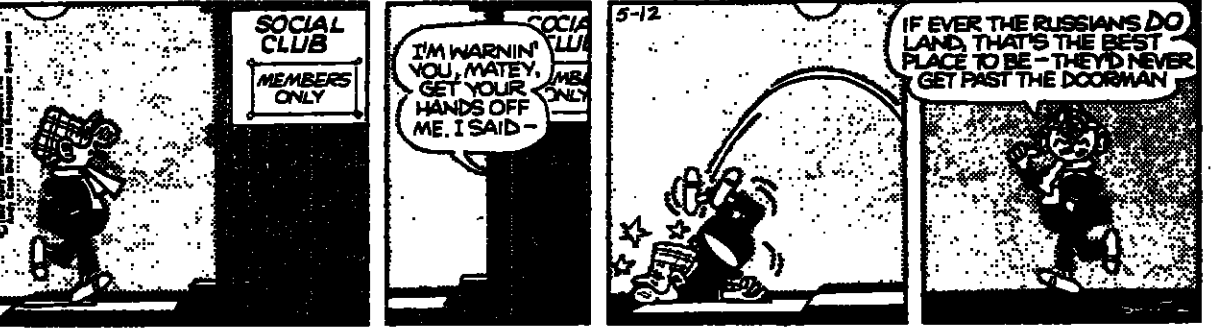
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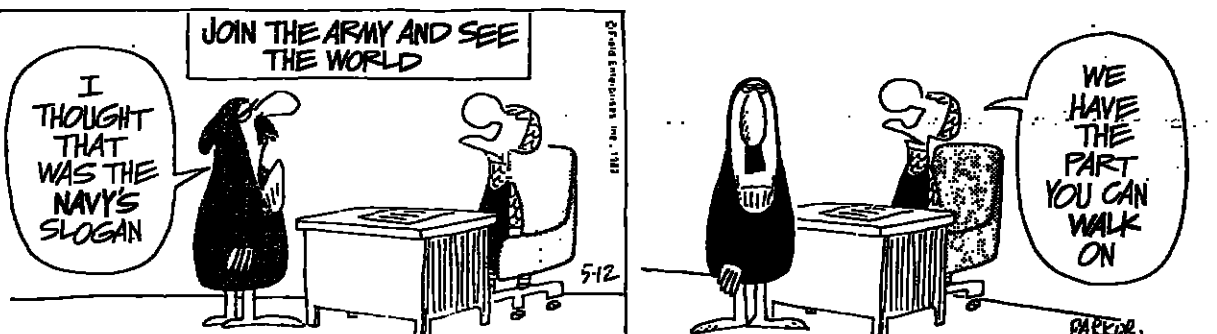
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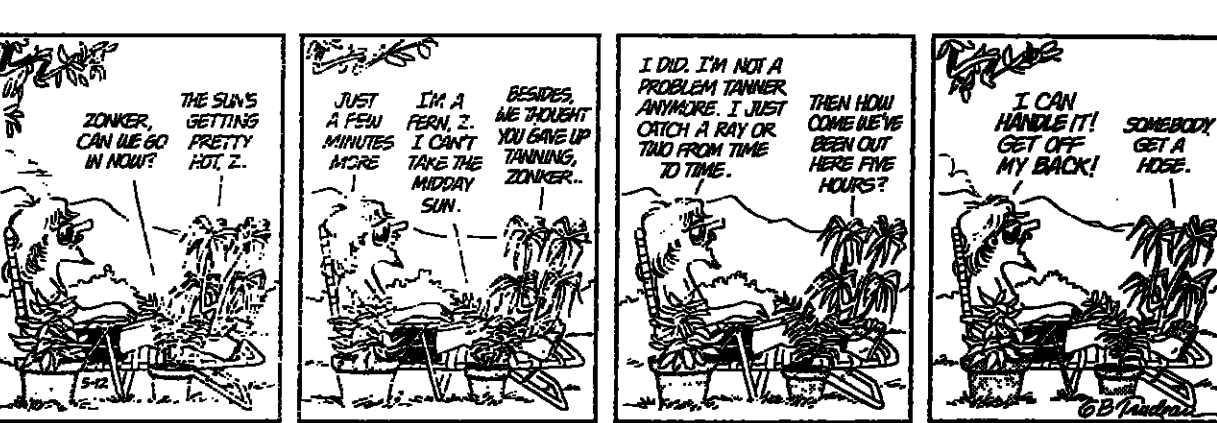
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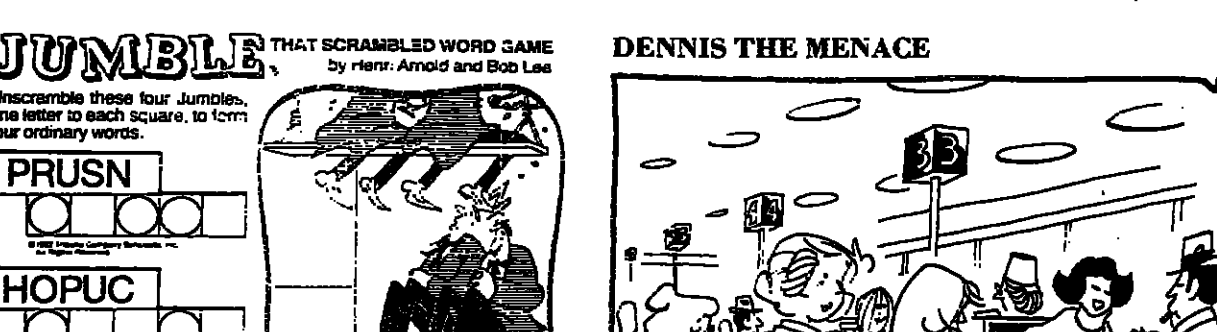
## REX MORGAN



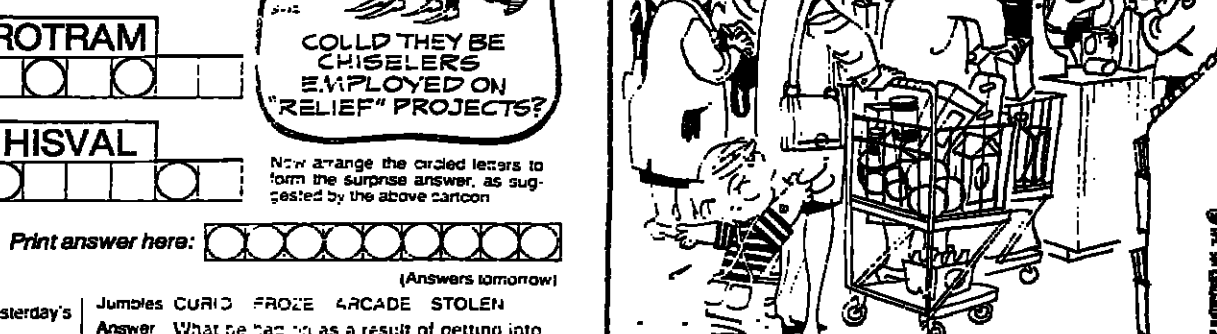
## DONESBURY



## JUMBLE



## DENNIS THE MENACE



## BOOKS

## NIGHT THOUGHTS OF A CLASSICAL PHYSICIST

By Russell McCormmach, \$15.

Harvard University Press, 79 Garden St., Cambridge, Mass. 02138

Reviewed by Elaine Kendall

THINK of this book as a foot-bridge across the gulf separating science and the humanities, an attempt to connect the Two Cultures. More austere than fiction, more imaginative than scientific history, "Night Thoughts" is an interdisciplinary adventure designed to entice the reluctant general reader into the unfamiliar terrain of physics: to lure the wary specialist out of the laboratory and away from the blackboard into the world of fantasy.

The central figure here is Victor Jacob, a theoretical physicist at a research institute in Germany. Jacob is a fictional amalgam, an aging scientist observed at a moment of personal, professional and political crisis. Physics itself is in transition — the traditional approaches and accepted methods already supplanted by new techniques, the clear boundaries between the individual sciences scuffed and blurred by recent experiments.

By 1918, it was obvious that Germany was losing the war, disintegrating into economic, moral and intellectual chaos. Academies were crumbling at the corners. McCormmach has recreated that desolate but highly charged atmosphere with a scientist's meticulous accuracy and attention to all pertinent detail: the echoing lecture halls, the ersatz food that nourishes neither body nor mind, the bleak despair of the intelligentsia, the erosion and perversion of the best in German culture. Only the most minimal information from abroad can filter into the isolated German institutions, but it is enough to indicate the end of German preeminence in the sciences. With the exception of Jacob, the characters are the actual physicists of the time: Max Planck, Hermann von Helmholtz, Heinrich Hertz, the Scotsman James Maxwell, who developed the theory of electromagnetism; brilliant younger men like Paul Dirac and Albert Einstein, whose theories would alter and even reverse the physical concepts representing the laws of the universe of men of Jacob's generation. Seemingly immutable axioms sustained Jacob through a useful but unremarkable career; they are now crumbling around him, bucking under the onslaught of radical theories. The spirit of free inquiry is a casualty of war, submerged in a tidal wave of militarism. Science cannot survive in the alien element. The few remaining German scientists are old men, isolated by xenophobic hatreds, trapped in doldrums of their own arrogance. Foreigners are no longer welcome: the Jews have been expelled, and promising students have been killed in battle. Jacob's colleagues have capitulated to the exigencies of war abandoning their theoretical experiments to devote themselves to more practical matters, prostituting physics to the glory of the Fatherland. Jacob is obsolete, his universe reduced to his own small laboratory.

In his reveries, Jacob recalls the formal beauty of German science as it was, remembers the past and despairs of the future. He has devoted his life to making the natural world intelligible. "Nature is the inextinguishable inspiration for physics," not, he thinks, wants. If Faraday had set out to invent a phonograph, he would have failed because he would not have discovered the physical principles the phonograph depends on. That pure vision has been demolished, making Jacob's entire life seem an exercise in futility. The German university system, once the academic model for the world, is a shambles, corrupted beyond salvation.

McCormmach, a professor of the

Elaine Kendall is on the staff of the Los Angeles Times.

## Best Sellers

This list is based on reports from more than 1,400 bookstores throughout the United States. Week-end lists are not necessarily consecutive.

FICTION		NONFICTION	
Book	Last Week	Book	Last Week
1 THE PARSIFAL MOSAIC, by Robert Ludlum	1	1 JANE FONDA'S WORKOUT BOOK, by Jane Fonda	1
2 THE ONE TREE, by Stephen R. Donaldson	3	2 NO BAD DOGS: The Woodhouse Way, by Barbara Woodhouse	3
3 NORTH AND SOUTH, by John Galsworthy	2	3 A LITTLE BIT OF THE ARTIST, by David Shields and Richard Baskin	2
4 CELEBRITY, by Thomas Thompson	5	4 WHEN BAD THINGS HAPPEN TO GOOD PEOPLE, by Harold S. Levy	5
5 TWICE BY DEATH, by Dick Francis	4	5 A FEW MINUTES WITH ANDY ROONEY, by Andrew A. Rooney	4
6 PUBLIC SMILES, PRIVATE TEARS, by Helen Van Slyke with James Van Slyke	11	6 LIVING, LOVING, LEARNING, by Len Bouslog	8
7 A GREEN DESIRE, by Anne Myers	7	7 THE FATE OF THE EARTH, by Jonathan Schell	1
8 THE MOSQUITO COAST, by John Galsworthy	14	8 THE 110 NEW YORK DIET, by Ben Myerson and Bill Adler	6
9 THE HOTEL NEW HAMPSHIRE, by John Galsworthy	15	9 HOLY BLOOD, HOLY GRAIL, by Henry Lincoln, Michael Moorcock and Richard Baskin	10
10 A MOTHER AND TWO DAUGHTERS, by Gail Godwin	10	10 YEARS OF UPHEAVAL, by Henry Kissinger	7
11 AN INDEPENDENT OBSESSION, by Robert McCullough	7	11 WEIGHT WATCHERS 35-DAY MENU COOKBOOK, New American Library	9
12 SPRING MOON, by Robert Lord	8	12 AT DAWN, WE SLEPT, by Gordon W. Prange	12
13 LEVER, by Robert Lord	13	13 WHAT EVERY WOMAN SHOULD KNOW ABOUT MEN, by Joyce Brothers	13
14 THE DEANS DECEMBER, by Saul Bellow	14	14 THE INVISIBLE BAKERS, by Andrew Tobias	14
		15 LIFE ON THE BEACH, by David Almondborough	11

## BRIDGE

By Alan Truscott

AN item that is painful in everyday life is popular nowadays with tournament players. They find more and more uses for the splinter, which was introduced in the 1960's by one of the top-ranked players of that period, B.Jay Becker and Dorothy Hayden.

The basic idea is for an unusual jump to show a fit with partner and a singleton or void in the suit bid. The normal situation — four diamonds in response to one spade, for example — suggests a slam.

But there are now some mini-splinter situations, in which the bid, by partnership agreement, invites game — a jump in a new suit by a passed hand (pass, one spade, three diamonds) or a similar jump opposite an overall (one club, one spade, pass, the hearts).

This explains the diagrammed action:

NORTH		SOUTH	
♠ A Q 10 5 4	♠ Q 10	♠ A Q 10 5 4	♠ Q 10
♥ K 7 5 4	♥ 7 5	♥ K 7 5 4	♥ 7 5
♦ 7 5 4	♦ 7 5	♦ 7 5 4	♦ 7 5
♣ 10 6 5 2	♣ 10	♣ 10 6 5 2	♣ 10
WEST		EAST (D)	
♠ 8 3	♠ A Q 8 4 2	♠ 8 3	♠ A Q 8 4 2
♥ 7 6 5 4	♥ A	♥ 7 6 5 4	♥ A
♦ K J 9 8 6 2	♦ K J 9 8 7 3	♦ K J 9 8 6 2	♦ K J 9 8 7 3
♣ A	♣ A	♣ A	♣ A
SOUTH		NORTH	
♠ J 10 9 8	♠ J 10 9 8	♠ J 10 9 8	♠ J 10 9 8
♥ J 10 9 8	♥ J 10 9 8	♥ J 10 9 8	♥ J 10 9 8
♦ Q 10 3	♦ Q 10 3	♦ Q 10 3	♦ Q 10 3
♣ A Q	♣ A Q	♣ A Q	♣ A Q

Both sides were vulnerable. The bidding:

East 1♠ South 1♥ West 2♥ North 3♥

Pass 4♣ Pass 3♥ Pass

West led the club four.

South needed to score his remaining four trumps separately. He played the heart jack and threw dummy's ace. This forced a ruff and discard, but did him no good. He still had to lose a diamond trick for down one.

The right play was to ruff the heart and throw a diamond on the club ten.

السلامة







